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ABSTRACT

Patterned after a model developed in Philadelphia in 1964 without Federal funds, the Opportunities Industrialization Center (OIC) program emphasizes minority group leadership and seeks to attract the unemployed and underemployed who ordinarily would not have been attracted to public manpower programs. The program basic education, skill training, and job placement assistance. The five OIC's reviewed have made measurable progress in enrollment, training, supportive services, job development, job placement, and community acceptance. However, efficient resource utilization requires improvement in operations and management. Specific areas for improvement are recruiting, counseling, training, job placement, followup, and evaluation. (BH)

UNITED STATES GENERAL ACCOUNTING OFFICE

REPORT TO THE CONGRESS

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Assessment Of Operations And Management Of Opportunities Industrialization Centers B-146879

Department of Labor
Department of Health, Education, and Welfare
Office of Economic Opportunity

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

VT016141

APRIL 20, 1972

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-146879

To the President of the Senate and the
Speaker of the House of Representatives

The General Accounting Office has made an assessment of the operations and management of Opportunities Industrialization Centers. Federal participation in this program is administered by the Department of Labor; the Department of Health, Education, and Welfare; and the Office of Economic Opportunity. This report presents our findings, conclusions, and recommendations based on this review.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget; the Secretary of Labor; the Secretary of Health, Education, and Welfare; and the Director, Office of Economic Opportunity.

Elmer B. Staats

Comptroller General
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
OEO	Office of Economic Opportunity
OIC	Opportunities Industrialization Center

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

ASSESSMENT OF OPERATIONS AND MANAGEMENT
OF OPPORTUNITIES INDUSTRIALIZATION CENTERS
Department of Labor
Department of Health, Education, and Welfare
Office of Economic Opportunity B-146879

DIGEST

WHY THE REVIEW WAS MADE

The Senate Committee on Labor and Public Welfare has urged the General Accounting Office (GAO) to provide the Congress with broad, independent appraisals of the management of Federal manpower programs by executive agencies.

The Opportunities Industrialization Center (OIC) program--patterned after a model developed in Philadelphia, Pennsylvania, in 1964 without Federal support--emphasizes minority-group leadership and seeks to attract unemployed and underemployed persons who ordinarily have not been attracted to public agency-sponsored manpower programs. The program provides enrollees with motivational and basic work orientation, basic education, skill training, and job-placement assistance. GAO reviewed five OICs funded jointly by the Departments of Labor and of Health, Education, and Welfare (HEW) and by the Office of Economic Opportunity (OEO).

FINDINGS AND CONCLUSIONS

Overall conclusions

The five OICs reviewed--Philadelphia; Milwaukee, Wisconsin; Dallas, Texas; Oklahoma City, Oklahoma; and Seattle, Washington--had made some measurable progress in enrolling persons in the program, providing training and supportive services, developing jobs, and making job placements.

In addition, community acceptance of OICs was evidenced by the large number of persons who had sought their services. Analyses of available records showed that the operations and management of the five OICs needed to be improved if available resources were to be used more effectively and efficiently.

Information obtained on program results achieved at the five OICs provides some insight into the benefits resulting from the program as a whole. Adequate data was not available, however, to compute the average cost for each enrollee or to assess the progress made in enhancing the employability of former enrollees.

GAO believes that the OIC program has promise and recognizes that some of the needed improvements will require additional resources. Finding solutions to OIC operating problems and effecting the necessary improvements,

Tear Sheet

APRIL 20, 1972

though difficult and challenging, could greatly benefit not only the OIC program but the entire manpower effort of the Federal Government. (See p. 14.)

Program results

Analysis of records at the five OICs indicated that about 10,000 enrollees had participated in, and had terminated from, the program during the 12-month periods covered by GAO's review. Of the 10,000 terminated enrollees, 1,750 enrollees were placed in full-time jobs (1,450 had completed training and 300 had been placed prior to completing training), 250 had completed training but were not placed in jobs, 100 had transferred to other manpower programs, and 7,900 had dropped out prior to completing their training. While enrolled in the program, these enrollees attended, on the average, about half of the scheduled classes. (See p. 16.)

As to the employment status of a sample of 495 former enrollees, GAO's inquiries of employers named in OIC records indicated that 67 had not been listed in the employers' records as having been employed and that 428 had been employed. Of the latter employees, 227 still were employed at the time of the employers' responses. (See p. 17.)

Improvements needed in program operations

Improvements were needed in several aspects of OIC program operations to provide a more effective training program.

Recruiting

Development and application of specific eligibility criteria were needed to ensure that the limited funds available for manpower training are used to benefit those most in need of such training, that recruiting efforts are focused on a defined target population, and that everyone concerned is aware of the population to be served. Many of the enrollees in OICs would not qualify as disadvantaged under criteria established by Labor. (See p. 23.)

Counseling

OIC counseling programs could be improved if OICs

--developed uniform techniques for determining the aptitudes, interests, and levels of achievement of prospective or new enrollees and used the results to aid the counselors and the enrollees in selecting the vocational training areas best suited to the enrollees;

--counseled enrollees during training, both individually and in groups, on a regularly scheduled basis;

--strengthened procedures for following up on, and if necessary terminating from the program, those enrollees who are absent for prolonged periods of time or who leave the program before completion of training or placement in jobs;

--maintained more adequate records of counseling sessions; and

--made greater efforts to determine the specific causes of early terminations and absenteeism to ascertain what steps might be taken to alleviate these problems. (See p. 28.)

Prevocational and vocational training

Three of the five OICs reviewed needed to establish, for both the prevocational and vocational training components, standards against which an enrollee's needs, progress, readiness for advancement, and completion of training could be measured objectively and standards which could be used by program management as a basis for determining the effectiveness of the component. OIC needed also to evaluate periodically each skill area offered to determine whether, in terms of enrollee interest and job-placement potential, it was appropriate to continue each of them. (See pp. 35 and 42.)

Job placement

OIC job-placement records and reports to the OIC National Institute, Inc., were not always complete or accurate, nor were they always consistently maintained. The number of job placements reported by OICs, in many cases, had been overstated or could not documented. The job-placement records did not always show the amount of training provided or the nature of the jobs in which the enrollees were reported as having been placed.

More accurate, complete, and consistent classification and recording of job-placement and job-retention information would enable OICs to better assess the effectiveness of their programs and to ensure more reliable and informative reporting of program accomplishments. (See p. 52.)

Follow-up on job referrals and placements

OIC follow-up procedures needed to be improved, to ensure that former enrollees are provided with all assistance necessary for their obtaining and retaining stable employment and to obtain information necessary to evaluate program effectiveness. (See p. 56.)

Improvements needed in program management

The monitoring and evaluation efforts would be more effective if (1) they were made on a more systematic basis and responsibility for them was defined more clearly, (2) an assessment of program effectiveness and compliance with contractual requirements were included, and (3) prompt actions were taken to implement needed improvements. Also OICs and the participating Federal agencies needed better operational data than was available, to more effectively manage the OIC program and monitor and evaluate its progress. (See p. 61.)

Agreements in 1971 among Labor, HEW, OEO, and the Institute provided that Federal funds from the three Federal agencies for the OIC program be channeled through Labor. The funding of OICs by or through a single Federal agency, if effectively implemented, should simplify accounting and reporting requirements, should eliminate many of the financial and operational problems encountered by OICs and the three Federal agencies, and should result in a more efficient operation. Some proliferation of responsibility remains, however, because each of the three Federal agencies continues to administer portions of the program. (See p. 67.)

RECOMMENDATIONS OR SUGGESTIONS

GAO is recommending that Labor, HEW, and OEO take the actions necessary to remedy the conditions noted above. (See pp. 26, 41, 50, 55, and 65.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

OEO, Labor, and HEW generally concurred in GAO's recommendations. Labor advised GAO of the actions initiated during the 10-month period ended December 31, 1971. (See apps. III, IV, and V.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

GAO is reporting these matters to the Congress because of its expressed interest in how effectively and efficiently manpower training programs funded and administered by Federal agencies are operated.

The Congress may wish to consider, in its deliberation of legislation that has been introduced as well as future manpower legislation, the information contained in this report on the problems in the operations and management of the OIC program and, in particular, the need to centralize at the Federal-agency level the responsibility for the administration of the OIC program. (See p. 69.)

CHAPTER 1

INTRODUCTION

The Opportunities Industrialization Center program is somewhat unique among federally supported manpower training programs in that it was started by a group of private citizens without Federal funding. The first OIC, dedicated in Philadelphia in January 1964, was developed by a group of ministers led by the Reverend Leon H. Sullivan, a minister of the city's Zion Baptist Church.

The Reverend Mr. Sullivan founded the Philadelphia OIC after discovering that many jobs secured for Blacks through a consumer boycott could not be filled because qualified Blacks were in short supply. In an old abandoned police station rented from the city at $1 a year, the Reverend Mr. Sullivan began enlisting the support of the community to be served by the center, gaining the confidence of the city's businessmen, and embarking on a self-help job-training program. Initially, funding of the OIC came from the local community and private sources and, shortly after OIC opened, from the Ford Foundation. The OIC's first Federal funds for program components were provided by the Department of Labor in January 1965.

Other OICs were established throughout the country and were modeled after the Philadelphia OIC. As of July 31, 1971, 71 OICs were operational, and plans include provision for 100 OICs by June 1972. (See app. I for a listing of OICs.) Federal funds in the amount of about $12.2 million--provided by Labor and the Department of Health, Education, and Welfare under title II of the Manpower Development and Training Act of 1962, as amended (42 U.S.C. 2581), and by the Office of Economic Opportunity under the Economic Opportunity Act of 1964, as amended (42 U.S.C. 2701)--constituted the major source of financing of 17 OICs during fiscal year 1969.

Fourteen OICs were provided with funds by Labor to carry out Concentrated Employment Programs; some OICs were provided with funds by the Economic Development Administration of the Department of Commerce or by the Department of

Housing and Urban Development. During 1970, 18 OICs were funded in the amount of about $12.4 million by Labor, OEO, and HEW.

We reviewed the operations and selected administrative practices of five OICs which carry out manpower training programs in Philadelphia, Milwaukee, Dallas, Oklahoma City, and Seattle. We believe that these OICs, which were funded in the amount of about $5.5 million in both fiscal year 1969 and fiscal year 1970 by Labor, OEO, and HEW, represent a cross section of the federally funded OICs; however, the matters presented in this report may or may not be representative of other OICs or of the total OIC program.

Our review was directed toward analyzing and evaluating the results of the OIC operations, the manner in which OICs were administered, and the manner in which the Federal funding agencies carried out their responsibilities. Our review at four of the five OICs covered primarily calendar year 1969 activities; at the Milwaukee OIC, we reviewed activities for the 12-month period ended February 1970. At each OIC we evaluated actions taken subsequent to these periods--generally through June 1970--on certain matters.

We also reviewed the operations and selected administrative practices of the OIC National Institute, Inc., in Philadelphia, which was funded by Labor and OEO during the period covered by our review. The Institute furnished technical assistance and training services to the OICs included in our review except for the Philadelphia OIC.

The amount of funds provided by Labor, OEO, and HEW to the five OICs included in our review and the funding periods covered are, as follows:

OIC	Funding agency	Period covered		Federal funds provided (note a)		Required non-Federal funding (note b)
		From	To	Amount	Total	
Dallas	Labor	8- 4-67	2-28-70	$ 359,123		
	OEO	8- 4-67	2-28-70	320,668		
	HEW	3- 4-68	6-30-70	398,018	$ 1,077,809	$ 144,585
Milwaukee	Labor	6-15-67	2-28-70	482,380		
	OEO	6-15-67	2-28-70	482,213		
	HEW	2-15-68	6-30-70	642,956	1,607,549	146,350
Oklahoma City	Labor	10- 1-66	7-31-70	928,367		
	OEO	9- 7-66	3-31-70	919,451		
	HEW	10- 1-66	7-31-70	877,636	2,725,454	347,328
Philadelphia	Labor	1- 1-65	9-12-69	1,005,642		
	OEO	7- 1-65	6-30-70	10,026,480		
	HEW	6-19-67	8-31-70	3,648,060	14,680,182	2,026,004
Seattle	Labor	11- 1-66	12-31-69	915,661		
	OEO	9- 1-66	6-30-70	1,686,681		
	HEW	11- 1-66	11-30-69	1,038,753	$ 3,641,095	$ 260,622

[a] Excludes funds for the Concentrated Employment Program.

[b] Represents the minimum local contributions required under the Federal funding agreements.

OICs also obtain funding from State agencies and through community fund-raising efforts, industry contributions, individual gifts, national religious group contributions, and foundation grants. The Institute reported that, nationwide, Federal funds of approximately $46 million and private funds of $2.6 million had been invested in the OIC program by the start of 1970.

Under the motto "we help ourselves," an OIC is expected to secure as much grass-roots support as possible from its community and especially from the people it serves. Self-help includes local fund-raising drives and the use of as many volunteers as possible. Observers have commented that the Philadelphia OIC owes much of its success to the fact that the people served by OIC feel that, since they volunteer to serve it and help pay for it, it is theirs and that, as a result, OIC has become a symbol of achievement for the poor in Philadelphia's ghetto community. This feeling existed to varying degrees for the four other OICs.

The Seattle OIC began to pay stipends to some of its enrollees in January 1970, but the four other OICs, in line with the self-help concept, did not pay training allowances or stipends to their enrollees. Many enrollees, however, received public welfare assistance, were employed, or were supported by their families. At some OICs a small "brotherhood fund" existed to help enrollees who needed assistance to continue in the program; some OICs paid transportation allowances or provided free lunches to their enrollees. Local businessmen donated money, space, equipment, and/or instructors to the OICs.

An OIC, if funded by Labor, OEO, and HEW, is generally a delegate agency (contractor for performing services) of the local community action agency. OEO and Labor usually provide funds for an OIC's program, except vocational training, through the community action agency. HEW usually provides funds for vocational training directly to the OIC or through a State vocational training agency.

The OIC program, intended for disadvantaged persons--those having low incomes, the unemployed, or the underemployed--is open to all persons regardless of education, skill level, race, or creed and generally includes the following components: recruitment, orientation, counseling, prevocational training, vocational training, job placement, job development, and follow-up. Although each component is essential to the total program, the two basic components are prevocational and vocational training.

The prevocational training component, often referred to as the "feeder program" is designed to instill trainees with the attitude, motivation, and basic education they need to prepare for, and to be "fed" into, the vocational training component or other job-training programs. Prevocational training may include classes in minority history and instructions in personal development, basic computational and conversational skills, and good work habits.

The vocational training component is designed to provide skill training necessary to bring the trainee to the job-ready level, to continue the trainee's basic education and motivation for self-help and improvement as required, and to provide such assistance and guidance as will prepare the trainee for employment.

In addition to sponsoring their programs, some OICs act as subcontractors to provide one or more of their component services to persons in other Federal, State, and locally supported manpower training programs. Also some OICs have been approved by the Veterans Administration to provide training to veterans.

Each OIC is governed by a board of directors--many of them poor people from the area served--and generally each has an advisory committee usually including representatives from business and labor. Generally an OIC staff is headed by an executive director and includes administrative and operating employees. The operating employees generally are organized along component lines, and each organizational segment has responsibility for one or more components. The OICs included in our review had staffs numbering from about 55 in Dallas as of December 1969 to about 430 in Philadelphia as of November 1969.

OIC NATIONAL INSTITUTE, INC.

When interest in the OIC program began to increase in 1965, the need arose for an organization to provide technical assistance and training in the philosophy and methods of organizing and operating programs similar to those of the prototype, the Philadelphia OIC. To satisfy this need the OIC Extension Institute was established late in 1965 through a grant from a private source. The Extension Institute later became the OIC National Institute. The Reverend Mr. Sullivan is the chairman of the board of directors of the Institute.

The Institute received its first Federal funds in July 1966. Equal amounts were provided by OEO and Labor. During 1969 and 1970, generally the periods covered by our review, the Institute received about $620,000 annually from OEO and Labor to provide technical assistance and training services to 25 selected OICs receiving Federal funds. From July 1966 through December 1970, the Institute received Federal funds of more than $2.7 million. Also the Institute receives contributions from private sources.

At the time of our review, the Institute staff reviewed and evaluated the local OIC program operations and advised Labor, OEO, and HEW of its findings through bimonthly progress reports and periodic meetings. During the periods covered by our review, the Institute did not have authority to direct that changes or improvements be made in the local OIC program operations or administration.

The Institute assisted the local OIC boards of directors and administrative staffs in developing their programs and in coordinating and communicating with Government agencies--local, regional, and national. This included assistance in developing proposals, doing research, and negotiating contracts.

The Institute's staff, which numbered 38 persons in January 1970, was headed by an executive director. He was assisted by four regional directors and a training officer. Four regional teams worked directly with the local OICs. Each team consisted of a regional director and four or five specialists who were experts in one or more of the OIC program components or in fiscal management and administration.

Under a Labor and HEW contract with the Institute, effective March 1, 1971, the Institute's role regarding OICs changed and the Institute became a prime contractor for Labor to fund, manage, guide, monitor, and evaluate OICs and to report periodically on the program's activities. The local OICs became subcontractors under the contract and must meet the requirements of the Institute for program operation and management.

Generally the contract specifies that the Institute:

--Expand the number of training operations by providing basic program funding for 40 or more additional local OICs.

--Include, under a bulk-funding contract, funding and program operation responsibility for OIC local contracts which currently are funded with Federal funds under the three-agency agreement.

--Provide the necessary supportive functions, national organization structure, and contract management through a single-agency bulk-funding contract.

OEO became a party to the contract in June 1971. An amendment to the contract in October 1971 provided that funds totaling $31.7 million be furnished to the Institute for conducting the OIC program through June 1972. The amount of funds to be provided by each of the three funding agencies follows.

Labor	$18,716,210
HEW	6,983,790
OEO	6,000,000
	$31,700,000

The HEW and OEO funds were transferred to Labor, which is the contracting agency, to effect the single-agency-funding aspect of the contract. The Institute, however, having full responsibility for carrying out the national OIC program, must provide HEW with certain reports on institutional training activities, in addition to providing the required periodic reports on OIC operations and management to Labor.

Under the contract the Institute has authority to direct that changes or improvements be made in the program operations or management of OICs.

The Institute's organization and staff have been expanded under the contract provisions for increasing the number of OICs and for bringing all OICs under Federal funding. Plans include a staff of about 120 persons to provide the national office and the six regional offices with the employees for advising, monitoring, and evaluating OICs.

FEDERAL-AGENCY ADMINISTRATION

At the Federal level, Labor, OEO, and HEW were responsible for funding and administering the OIC program during the periods covered by our review. This responsibility was handled in Labor by the Office of Manpower Policy, Evaluation, and Research; in OEO by the Office of Operations; and in HEW by the Bureau of Adult, Vocational, and Technical Education of the Office of Education.

The March 1971 Labor and HEW contract with the Institute placed total responsibility for the management and performance of the national OIC program with the Institute and, in effect, administratively accomplished the single-agency-funding concept. Thus Federal funds from Labor, HEW, and OEO which became a party to the contract in June 1971, will be channeled to the Institute through Labor. Labor, acting as the lead agency, is to keep HEW and OEO apprised of OIC program policy changes and generally the results of Labor's monitoring and evaluation functions.

The contract and subsequent agreements provide that:

1. The Institute periodically furnish certain information to Labor and HEW.

2. HEW maintain its statutory responsibility under the Manpower Development and Training Act of 1962, and participate in all changes affecting institutional training and related evaluations.

3. OEO retain the fiscal and program responsibility for OICs funded in fiscal year 1971 under previous funding agreements.

As these OICs are phased into the new national program, the community action agencies will be discontinued as prime sponsors for OICs. Provision has been made for OEO to be involved to the maximum extent possible as Labor carries out its evaluation and monitoring functions. Also the community action agency in the community where an OIC is located is to be given the opportunity to comment upon that OIC's funding request when it is submitted to the Institute and Labor. Further OEO retains the authority to evaluate the overall program effectiveness and impact to ensure that the criteria for low-income program participants are being met.

Although legislation to place the responsibility for the OIC program with Labor has been introduced and is pending in the Ninety-second Congress, the national contract concerning Labor, HEW, OEO, and the Institute is designed to administratively place primary responsibility on Labor and the Institute.

CHAPTER 2

OBSERVATIONS ON THE EFFECTIVENESS AND EFFICIENCY OF OICS

The five OICs had made some measurable progress in enrolling persons in the program, providing training and supportive services, developing jobs, and making job placements. In addition, community acceptance of OICs was evidenced by the large number of persons who had sought their services.

We had considerable difficulty, however, in interpreting and analyzing many of the reported program results because these OICs had not realistically defined their objectives and because the program records were inadequate. The information which GAO obtained on program results provides some insight into the benefits resulting from the OIC program. Adequate data was not available, however, to compute the average cost for each enrollee or to assess the progress made in enhancing the employability of former enrollees.

Our analyses of the records that were available showed that improvements were needed in the operations and management of the five OICs before available resources could be used in a more effective and efficient manner.

We recognize that some of the shortcomings at these five OICs can be attributed to the grass-roots origin of the OIC program and the problems involved in its growth. Program managers were, for the most part, inexperienced in operating a program of this nature, and emphasis was placed on showing visible results rather than on establishing well-designed and smoothly functioning administrative and operational techniques.

We believe that the OIC program has promise and that emphasis now should be placed on developing better administrative, operational, and management techniques that will enable OICs to better serve their intended beneficiaries and to provide more reliable measures of and data on program accomplishments.

The results of the five OICs' programs and the improvements needed in their operations and management are summarized below and are discussed more fully in subsequent chapters.

PROGRAM RESULTS

Our analyses at the five OICs either of the records available or of a statistical sample of these records showed that about 10,000 enrollees had participated in, and had been terminated[1] from, the programs of the five OICs during the 12-month periods covered by our review. Summary information on the characteristics of these enrollees was not readily available at each OIC. Our samples[2] of certain groups of enrollees at each of the five OICs, however, indicated the following general characteristics:

--62 percent were female.

--63 percent were ages 21 through 40.

--72 percent were Black.

--65 percent were unemployed at the time they entered the OIC.

--54 percent were not high school graduates.

--57 percent reported family incomes below the OEO poverty guidelines.

--52 percent were heads of households.

The following chart shows the status at time of termination for these 10,000 enrollees.

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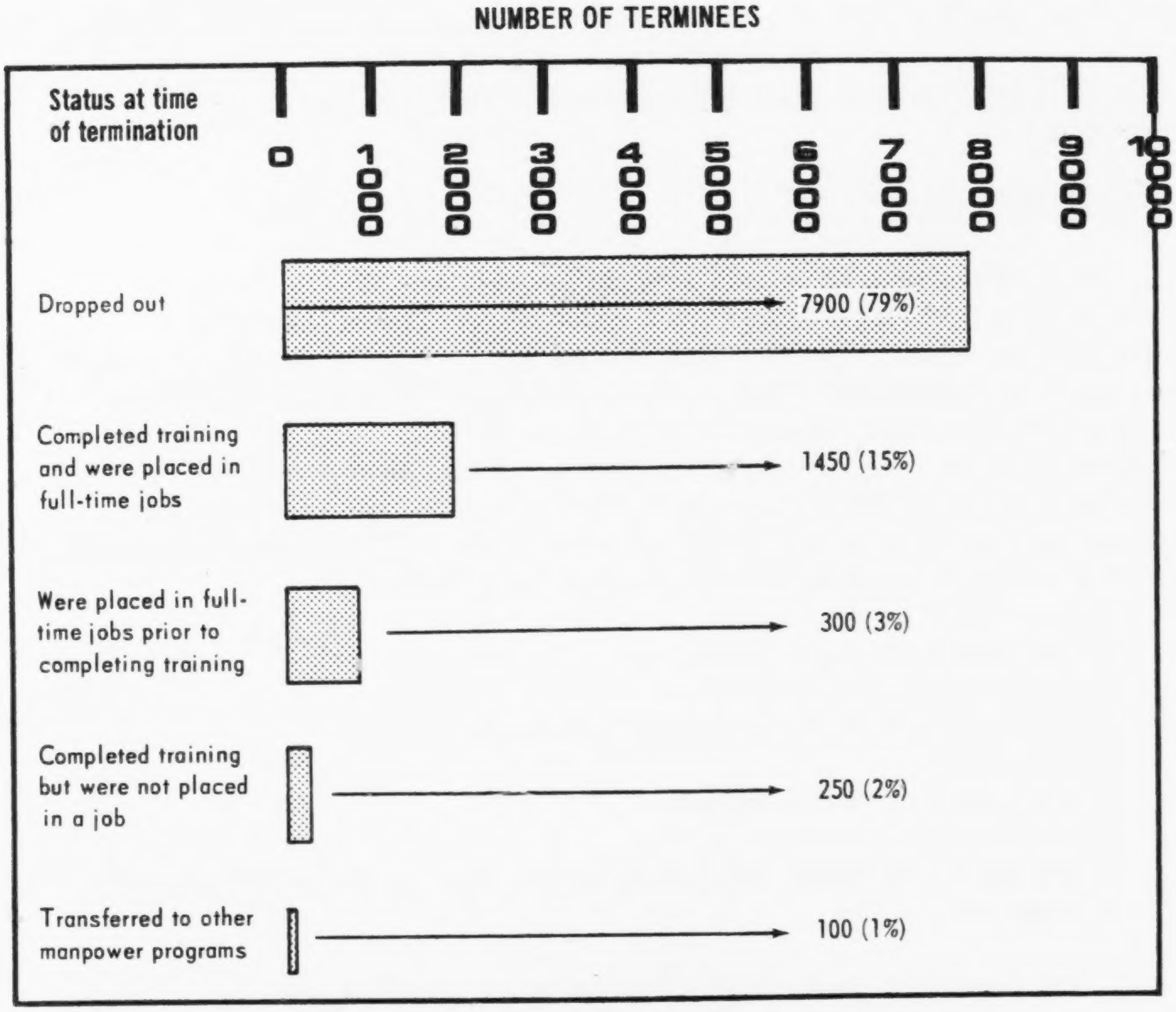
[1] Terminations from the program occur when an enrollee (1) completes the program, (2) is placed in a job, (3) transfers to another training programs, or (4) drops out of the program.

[2] See ch. 5 for information on sample size and method of selection at each OIC.



Of the 7,900 enrollees who dropped out prior to completing training, 5,050 terminated during prevocational training and 2,850 terminated during vocational training. Because of their association with the program, they may have received some benefits from the training. While enrolled in the program, enrollees attended, on the average, about half of the scheduled classes.

As shown above, OICs have had some success in placing those trained into jobs. We noted, however, that disadvantaged persons, those for whom the program was intended, had not always been served as effectively as the nondisadvantaged. For example, at the Seattle OIC, about 51 percent of the enrollees were considered to be disadvantaged under Labor criteria but only 10 percent of those who had completed training, had been placed in jobs, and were still employed were disadvantaged.

We examined into the employment status of a sample[1] of 495 former enrollees who, according to OIC records, were placed in full-time jobs during calendar year 1969 after receiving some vocational training. We made inquiries of the employers named in OIC records as having employed these enrollees. The named employers in responding to our inquiries during a 5-month period, February through June 1970, stated that, of the 495 former enrollees, 67 had not been listed in their records as having been employed; that 428 had been employed; and that, of these, 227 still were employed at the time of employer responses.

According to OIC records for those still employed, 66 were male and 161 were female. They had been employed, on the average, about 8 months at the time of the employers' responses. The length of employment ranged from about 2 months for some to over 18 months for others. Their earnings, which at the start of their employment had averaged from $1.85 an hour in Dallas to $2.62 an hour in Seattle, averaged from $2.05 an hour in Dallas to $2.75 an hour in Seattle at the time of the employers' responses.

Of the 201 persons no longer employed--80 male and 121 female--29 percent had worked for the employers less than 1 month, 46 percent for 1 to 6 months, and 19 percent for more than 6 months. Information on length of employment was not provided for the remaining 6 percent. The employers reported that, of the persons no longer employed, 50 percent had left the jobs voluntarily--one sixth of these had informed the employer that they had obtained or were seeking other jobs--15 percent had been laid off because of cutbacks in the work force; and 31 percent had been discharged because of excessive absenteeism, inadequate job performance, lack of skills, or other reasons. We were not provided with reasons for separation for the remaining 4 percent.

The earnings of those persons no longer employed, which at the start of their employment had averaged from

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[1] See ch. 5 for information on sample size and method of selection at each OIC.

$1.81 an hour in Oklahoma City to $3.23 an hour in Seattle, averaged from $1.81 an hour in Oklahoma City to $3.30 an hour in Seattle at the end of their employment.

Additional information on the enrollees in this sample is included in appendix II.

NEEDED IMPROVEMENTS

Improvements were needed in four basic areas to make the program more effective and efficient in attaining its major objective--training or retraining persons who have undeveloped talents and unknown skills and who are unemployed and underemployed.

--First, OICs needed to make greater efforts to recruit and enroll disadvantaged persons, who are considered to be most in need of the training and toward whom the program was to be primarily directed. Specific eligibility criteria for enrollment, coupled with more reliable screening procedures, would help ensure that the limited amount of funds available for manpower training is used to benefit those persons having the greatest need for such training. Many of the enrollees could not be classified as disadvantaged under criteria established by Labor.

--Second, OICs needed to retain enrollees in the program long enough for them to obtain adequate knowledge and skills necessary to obtain and hold jobs and to develop in them the habit of regular attendance, normally a basic job requirement. During the periods of our review, about 79 percent of the enrollees who terminated from the program dropped out prior to completing their training; an enrollee attended, on the average, about half of the scheduled classes. The high dropout rate and generally poor class attendance limited the effectiveness of the program.

--Third, more systematic and in-depth monitoring and evaluations of program operations and increased and timely follow-up after job placement were needed to enable OICs to better assess their achievements and progress toward meeting program objectives. Also these activities could result in the identification of improvements needed, changes needed in program emphasis, technical assistance needed by OICs, and additional assistance needed by the enrollees to retain their jobs.

--Fourth, the funding arrangements of OICs needed to be changed to reduce the administrative work loads of OICs and Federal agencies. During the period covered by our review, OICs were financed jointly by three Federal agencies, each of which had its own funding arrangements, reporting requirements, and administrative procedures. By agreements dated March 1971 and June 1971, the responsibility for funding OICs generally was centralized in Labor.

In addition to improvements in the four basic areas, improvements were needed in various other aspects of the OIC program which, if made, would aid, to some extent, in effecting improvements in the basic areas.

OICs needed to establish clearly defined and realistic criteria for determining enrollee progress and achievement. Uniform criteria for determining progress through and completion of prevocational and vocational training courses would enable (1) the enrollee to be aware of his progress and of what he must accomplish to complete his training, (2) the prospective employer to have a clear understanding of the degree of training received by the enrollee, and (3) OIC management to measure the success of its training components. Also OICs needed to adopt a uniform policy for removing from program rolls those enrollees no longer attending classes to ensure that training slots no longer filled are made available for others and that accurate enrollment and participation figures are available to management.

OICs needed to maintain more adequate and accurate records and to provide more informative reports on the various aspects of the program. We found that records had not been kept or were incomplete or had been inadequately maintained for most of the program components at the five OICs. The major inadequacy related to placement records. Also program accomplishments generally were overstated.

For example, for job-placement activities, records varied from department to department within the centers; enrollees' records did not agree with summary reports; and the reported accomplishments sometimes included duplicate entries, multiple placements of the same enrollees, placements of persons who had not received training in OICs, or placements of persons who were participants in other programs for which OICs provided certain supportive services.

OICs also needed to make more intensive efforts to determine and analyze the causes of absenteeism and early terminations from the program and to take action to alleviate such problems. Two methods which would aid in determining the causes of such problems and which might indicate needed corrective action--scheduled periodic individual and group counseling for all enrollees and systematic follow-up on those enrollees who are absent for long periods or who leave the program prior to completion of training or job placement--were not being fully utilized by OICs.

The problems encountered and improvements needed in OIC operations and management are not unique. They are similar to those in other federally funded manpower training programs. We recognize that some of the improvements will require additional resources. We believe, however, that finding solutions to these problems and effecting the necessary improvements, though difficult and challenging, could greatly benefit not only OICs but the entire manpower effort of the Federal Government.

CHAPTER 3

IMPROVEMENTS NEEDED IN PROGRAM OPERATIONS

Improvements were needed in several aspects of OIC program operations to provide a more effective training program. Specific eligibility criteria were needed to ensure that available resources are used to reach and serve those most in need of program services. The counseling programs could be improved by:

--Developing uniform techniques for determining the interests, aptitudes, and capabilities of each prospective or new enrollee and using the results to aid the counselor and the enrollee to choose the vocational area best suited to the enrollee.

--Providing regularly scheduled counseling during training and more timely follow-up counseling of enrollees having high absenteeism rates.

--Documenting the counseling sessions to ensure that the counselor is fully cognizant of the enrollee's problems and progress and to facilitate continuity in the event of counselor turnover.

The specific causes of early terminations and absenteeism needed to be determined so that the causes can be analyzed and appropriate steps can be taken to alleviate these problems.

OICs needed to establish, for both the prevocational and vocational training components, standards against which an enrollee's needs, progress, and readiness to advance or training completion can be objectively measured and standards which can be used by program management as a basis for determining the effectiveness of the components. Also OICs needed to periodically evaluate each skill area offered to determine whether it is appropriate, in terms of enrollee interest and job-placement potential, to continue each of them.

Job-placement information needed to be more accurately and consistently classified and recorded to enable better assessments of program effectiveness and to ensure more reliable and informative reporting of program accomplishments.

Follow-up contacts needed to be made with enrollees referred to, or placed in, jobs or with their employers to ensure that the enrollees are provided with all assistance necessary to enable them to retain their jobs and to enable OICs to obtain information to evaluate and improve the OIC program.

The above matters are discussed in detail in the following sections of this chapter.

TARGET POPULATION

Development and application of specific eligibility criteria were needed to ensure that the limited funds available for manpower training are used to benefit those persons most in need of such training. Also such criteria would serve to focus OIC recruitment efforts on a defined target population and enable OICs to better measure the effectiveness of their recruiting activities and the extent to which they are reaching those persons most in need of the OIC program.

Recruiting efforts

Recruiting methods used by OICs included (1) direct recruiting by the OIC staff, (2) referrals by current or former enrollees, (3) radio, television, and newspaper advertising, and (4) referrals from other agencies and community groups. Our review of OIC records and discussions with OIC employees indicated that no single recruiting method had provided a majority of the enrollees at all OICs and that more than one method might have been involved in a person's being enrolled. For example, in Philadelphia referrals by current or former enrollees and friends were cited by the largest number of the new enrollees as the primary method by which they had been recruited. In Oklahoma City direct recruiting by the OIC staff was credited most often by the enrollees as the primary method of their recruitment.

In general, community acceptance of OICs appeared to have had a positive effect on recruiting activities. This was evidenced by the high percentage of enrollees who reported at the time of enrollment that they had been referred to the program by current and former enrollees, friends, local and State agencies, community groups, and other sources. For example, OIC records indicated that 65 percent of the enrollments in Philadelphia and nearly 30 percent in Dallas resulted from such referrals. A Milwaukee OIC official told us that about 45 percent of the OIC enrollees had been recruited through referrals from other agencies. Many of the remaining enrollments resulted from direct recruiting by the OIC staffs.

Eligibility criteria

The main purpose of OIC recruitment efforts was to contact the hard-to-reach unemployed and underemployed residents of the target community and encourage them to take advantage of the training and employment services available through the OIC program. Specific income or other criteria to determine whether persons recruited and enrolled fell into such a category, however, were not established on a programwide basis. Rather each OIC was allowed to establish its own criteria.

In Philadelphia and Milwaukee, OICs established open-door policies and generally did not screen the applicants. In Philadelphia, the primary target groups were the unemployed and the underemployed, but specific criteria were not established to aid the recruiters in determining whether applicants were in these categories. A Milwaukee OIC official informed us that the OIC had not sought out any particular target group because, if the OIC concentrated specifically on the unemployed and the disadvantaged persons who should be in the program, enrollment would be too low and the dropout rate too high.

Dallas and Oklahoma City OIC officials informed us that they generally used OEO poverty guidelines to determine whether applicants were disadvantaged. Oklahoma City OIC officials said, however, that some persons were enrolled regardless of income if the officials believed that the program would benefit them. In Seattle we were informed that only those applicants who appeared to lack motivation were screened out.

Although specific programwide eligibility requirements were not established for enrollment, Labor established criteria to determine, for OIC reporting purposes, whether a person was disadvantaged. These criteria provided that a person (1) meet the OEO poverty guidelines, (2) be unemployed, be underemployed, or be hindered from seeking work, and (3) be a member of one or more of the following groups:

a. School dropouts.
b. A minority.
c. Those under 22 years of age.
d. Those 45 years of age or over.
e. The handicapped.

If such criteria had been in effect at the OIC's, many enrollees would not have qualified as disadvantaged. For example, our tests of enrollee records showed that the percentage of persons enrolled who did not qualify as disadvantaged under OEO poverty guidelines--only one of the three criteria which would have had to be met--ranged from about 20 percent at the Oklahoma City OIC to over 55 percent at the Philadelphia OIC.

One factor that may have discouraged more disadvantaged persons from seeking to enroll was the OIC policy of not paying stipends to enrollees. We were informed by Seattle OIC recruiters that stipends had been paid to some of its enrollees since January 1970 and that the arrangement had made its recruiting efforts easier. A Milwaukee OIC official stated that more benefits would be needed, such as transportation and free lunches, to aid that OIC in attracting and retaining disadvantaged persons.

The proposed Employment and Manpower Act of 1970 would have established the OIC program as a specific Federal manpower training program. Although vetoed by the President, the proposed act indicated that the Congress desired the OIC program to be directed to low-income persons who are unemployed or underemployed. The same intent is expressed in proposed legislation that was before the Congress in January 1972.

Conclusion

Specific eligibility criteria should be set forth in the OIC funding agreements and should be enforced to ensure that the limited manpower-training funds are used to benefit those persons most in need of such training, that recruiting efforts are focused on a defined target population, and that everyone concerned is aware of the population to be served. Also such criteria would enable OICs to better measure the effectiveness of their recruiting activities and the extent to which OICs are reaching those persons most in need of OIC services.

Recommendations to the Secretaries of Labor and of Health, Education, and Welfare and to the Director, Office of Economic Opportunity

We recommend that the three Federal agencies develop for inclusion in future funding agreements with OIC specific uniform eligibility requirements directed toward recruiting low-income persons who are unemployed or underemployed. We recommend also that the three agencies provide the necessary guidelines and technical assistance to direct the recruiting activities toward the defined target population.

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By letter dated October 18, 1971 (see app. III), OEO informed us that it had entered into an interagency agreement transferring OEO's responsibility for OICs to Labor effective July 1, 1971. OEO added that, although OEO always had imposed on its OIC grantees the requirement to enroll persons that met the OEO poverty guidelines, the poverty-guidelines criteria had not been rigidly enforced during the development years of OIC to allow for program acceptability in the communities. Thus a percentage of marginally poor persons have been attracted to OIC. The great majority of OIC enrollees, however, have been eligible for training under the OEO poverty guidelines. The single-agency-funding arrangement is designed to cure this problem. OEO will stand ready to assist Labor in seeing that this recommendation is implemented.

HEW, by letter dated September 8, 1971 (see app. IV), advised us that it concurred in the recommendations and that all individual OICs would be funded through a single direct contract with the Institute. This approach should encourage the development of more uniform requirements in all areas. HEW stated that, although recruitment is a function of the U.S. Employment Service, HEW is cooperating with Labor in an attempt to improve the procedures.

By letter dated December 30, 1971 (see app. V), Labor advised us of the action taken in regard to our recommendations. Labor cited its single-agency bulk-funding agreement with the Institute which, under the agreement, is responsible for the management and performance of individual OICs. Labor stated that effective action had been taken under the agreement to establish clearly defined and realistic criteria for enrollment of the unemployed and underemployed.

COUNSELING PROGRAM

OIC counseling programs, designed to give encouragement and assistance to all participants to enroll in the program and to complete the training, needed to be improved. This could be accomplished by:

--Developing uniform techniques for determining the aptitudes, interests, and levels of achievement of prospective or new enrollees to aid the counselors in assisting them in selecting realistic career objectives and vocational training areas best suited to reaching their objectives;

--Counseling enrollees during training, both individually and in groups, on a regularly scheduled basis.

--Strengthening procedures for following up on and, if necessary, terminating from the program those enrollees who are absent for prolonged periods of time or who leave the program before completion or placement in a job.

Also some of the OICs needed to maintain more adequate records of counseling sessions, and all five OICs needed to make greater efforts to determine the specific causes of early terminations and absenteeism to ascertain what steps might be taken to alleviate these problems.

Design of counseling program

The OIC program recognizes effective counseling as an integral and essential factor in an enrollee's success. Therefore the funding agencies' agreements with OICs typically provide for making counseling services available to each person before or at the time he enrolls in the program, during his progression through the program, and after he has been placed in a job. Often the enrollee is assigned to a single counselor who then becomes the focal point of communication between the program and the enrollee.

Each OIC has a designated counseling staff responsible generally for conducting preenrollment or intake interviews; participating in enrollee orientation; providing guidance, encouragement, and assistance during training; following up on enrollees absent from class and those leaving the program prior to completion; determining, in cooperation with instructors or other staff members, when an enrollee is to be terminated from the program; and maintaining enrollee records. Some counseling staffs are responsible also for continued counseling of enrollees after they have been placed in jobs.

Preenrollment or intake counseling

The procedures at each OIC provide for a counselor or counselor-aide to meet with an enrollee immediately before or after entering the program to record personal data, discuss personal problems, and help in developing vocational goals. None of the OICs, however, have developed uniform techniques for determining an enrollee's vocational interests and aptitudes to assist the counselors and enrollees in selecting vocational courses offering the best chance of successful future employment. Although the final choice of vocational training should be and is made by the enrollee, we believe that the lack of uniform techniques for determining vocational interests and aptitudes has hindered the counselors in definitely assessing the enrollee's chances of success in his chosen vocation and in assisting the enrollee in making the best choice.

Three OICs--Philadelphia, Seattle, and Oklahoma City--gave tests to determine the reading and mathematical abilities of enrollees and the levels at which they should enter prevocational training, but such tests generally were not useful in determining the enrollees' interests or aptitudes in particular vocations. At the Milwaukee OIC the need for testing new enrollees to determine their aptitudes and interests was recognized by program officials, but such tests were not given.

At the Dallas OIC we were advised that testing of enrollees at intake to determine their reading and mathematical abilities was discontinued in February 1970 because the board of directors believed that the tests were driving away many prospective enrollees. The Dallas OIC counseling supervisor, however, told us that some type of testing should be done during the enrollee's orientation period and that the OIC funding proposals have stated that the administration and interpretation of tests are significant aspects of counseling and guidance activities.

Counseling during training

The funding proposals or written policies of each OIC stated that, during prevocational and vocational training, periodic individual and group counseling would be provided generally once a week and that individual counseling also would be available to the enrollees on request.

Our review of counseling records and our interviews with both active and terminated enrollees revealed, however, that most enrollees, except for those at the Seattle OIC, had not received counseling as frequently as program officials had deemed desirable. In some instances the records did not evidence that the enrollees had received any counseling or that, if they had, what problems or other matters had been discussed. Further some enrollees at the Dallas OIC informed us that they were not aware or were not sure that counseling was available to them at their request.

Follow-up on absentees and dropouts

Procedures at each OIC provided for the counselors to be notified after an enrollee had been absent 1 to 5 consecutive days--depending on the OIC--so that a counselor could contact the enrollee to determine the reasons for his absence and encourage him or provide the assistance he needed to return to class. In spite of the high dropout rates experienced by OICs, such follow-up contacts were not made in many cases.

Follow-up procedures were not followed at the Dallas OIC. For example, the folders of 43 of 50 calendar year 1969 prevocational training program dropouts contained no evidence that follow-up contacts had been made, although their attendance records showed two or more absences. At the Milwaukee OIC, where an OIC official informed us that counselors generally followed up on enrollees after three consecutive absences, records indicated that few follow-ups actually had been made. According to officials of other OICs, the lack of funds and the difficulty in locating enrollees who were absent or had dropped out were the main reasons for the limited number of follow-ups.

Also none of the OICs adequately evaluated the reasons for early terminations and absenteeism, to ascertain whether they could be alleviated through additional services, modification of program content, or such other means as might have been indicated.

Termination policies

Either OICs did not have specific termination policies, or, at the OICs that did have them, the counselors, who generally had the responsibility for officially terminating enrollees from the program, did not follow them. Therefore dropouts and enrollees having prolonged absences sometimes were carried on the program rolls for several months before they were officially terminated. These persons thus filled training slots that could have been made available for others. During the periods these persons remained on the rolls, enrollment figures and absentee rates were overstated and dropout rates were understated.

For example, we were informed that the Milwaukee OIC had not established criteria for use by the counselors in initiating follow-up of enrollees having attendance problems for either reinstatement in the program or termination. As a result, although the education department notified the counselors daily of enrollee absences, the counselors, in many cases, did not initiate follow-up action nor officially terminate the enrollees for several months.

In the meantime, the enrollees were credited with long periods of program participation, absentee rates were overstated, dropout rates were understated, and inflated enrollment figures were reported by the OIC.

Conclusions

Success in training is dependent, in large part, upon effective counseling and guidance which, in turn, is dependent on the counselor's knowledge of the enrollee's aptitudes, interests, abilities, disabilities, and personal problems which may hinder successful completion of training and job placement. Intake interviews provide some of the information needed by the counselor, but appropriate measurement devices, such as standardized tests or work-assessment techniques, often can provide more definitive information about an enrollee's aptitudes and interests and about whether his capabilities are consistent with employment requirements in the field he chooses. With such information, the counselor could better assist the enrollee in selecting the training area commensurate with his interests, aptitudes, and capabilities.

During training, individual counseling should continue to be available at the request of the enrollee but, in the light of the dropout rates experienced by the OICs and the reluctance of some enrollees to seek assistance, individual and group counseling should be given on a regularly scheduled basis. Appropriate records should be kept of each counseling session.

Regularly scheduled counseling would enable early identification and timely solution of problems and would ensure the enrollee of the OIC's continued interest in his progress. Appropriate counseling records would facilitate continuity when there is a turnover of counselors and would provide up-to-date information on an enrollee's needs and on what has been or should be done to meet them.

For a participant to derive sufficient benefits to enable him to become self-sufficient, active participation in, and completion of, the training program is highly desirable if not essential. Therefore OICs should make follow-ups early on those enrollees who are absent from the program and should offer them encouragement and assist them to complete the program. To ensure that training slots are not filled by persons who no longer are interested in the program, uniform termination policies should be established and followed.

Also OICs should examine into the reasons for early terminations and prolonged absences of enrollees to ascertain whether such problems can be alleviated through additional services, changes in program content, or other means, as may be indicated.

Agency actions

In a draft report, we proposed that the Secretaries of Labor and of HEW and the Director, OEO, together with the Institute, encourage OICs to:

--Develop and use appropriate uniform measurement devices which will assist in determining enrollees' vocational interests and aptitudes and levels of achievement in reading and mathematics.

--Provide individual and group counseling on a regularly scheduled basis to all enrollees and maintain appropriate records thereon.

--Strengthen procedures for following up on and, if necessary, terminating from the program those enrollees absent for long periods or leaving the program prior to completion of training or job placement.

--Identify the factors that cause enrolles to become inactive or to drop out of the program prior to completion and take whatever action is necessary to alleviate such causes.

OEO stated in response to our first proposal that it believed and its monitoring indicated that the feeder program, which is the prevocational component, provides the enrollee with a degree of those uniform measurement devices. OEO recognized, however, that the feeder program's effectiveness varied significantly from program to program and stated that OEO would assist Labor in improving the overall feeder program.

Regarding our second proposal OEO considered that OICs had done group and individual counseling to some degree and that counseling was an important aspect of the program's design. OEO agreed, however, that a more structured counseling program should be implemented.

OEO indicated that it agreed with our third proposal but felt that, under termination standards and procedures, flexibility should be employed to guard against killing the motivational factor of enrollees.

OEO agreed with the last proposal and said that individual counseling should be increased and that such counseling would aid in identifying enrollee problems. OEO saw some evidence that the enrollees' participation in the program recently was increased by the OICs to create a situation in which better communication would be established (i.e., membership on OIC board of directors). OEO stated that this involvement would serve to identify enrollee problems and to improve and strengthen the program.

HEW concurred in our proposals and stated that HEW had made provisions for the Institute to receive necessary guidance from the Area Manpower Institutes for the Development of Staff Centers funded under the Manpower Development and Training Act and located in seven strategic areas throughout the country.

Labor stated that OICs were using various programmatic measurement devices which the Institute, pursuant to its responsibility under the contractual arrangement for management and performance of individual OICs, had developed for determining enrollees' vocational interests and aptitudes and had implemented procedures to ensure that adequate individual and group counseling was provided and was recorded in the enrollees' permanent records. Labor stated also that the Institute had issued standards and was assisting OICs in the adoption of uniform termination policies designed to ensure that training slots are not filled by persons uninterested in the program. Labor also said that termination interviews with enrollees were being considered as a method for determining causes of dropouts and that, to the degree that more effective counseling could reduce employee discontinuance, OICs were employing this technique.

EFFECTIVENESS OF PREVOCATIONAL TRAINING

OIC records indicated that, of approximately 8,800 enrollees who had participated in, and had terminated from, the prevocational training components during the periods covered by our review, about 43 percent had enrolled in the OIC vocational training component, had entered other manpower training programs, or had obtained jobs. The remainder dropped out during prevocational training. While enrolled in prevocational training, enrollees attended, on the average, about half of the scheduled classes. Also, except for the Seattle OIC, OICs did not establish, or did not always follow, standards to objectively measure enrollee needs, progress, and readiness for vocational training.

The effectiveness of the prevocational training component could be improved and the benefits received by enrollees could be increased by improving enrollees' class attendance rates, retaining enrollees in the program, and establishing and following standards to measure enrollee needs, progress, and readiness for vocational training. Also such standards could be used by OIC officials as a basis for measuring the effectiveness of the prevocational training component.

Prevocational training design

Prevocational training classes at each OIC were offered during both the day and evening. Although some OICs, notably the one in Milwaukee, allowed some enrollees to bypass prevocational training and be placed directly into vocational training, most enrollees who entered the OIC program initially were placed in the prevocational training component. There, to the extent considered necessary, they received instruction in basic education, communication and computational skills, personal development, minority history, and job-finding techniques or assistance in preparing for the high school diploma equivalency examination or Civil Service examinations. The courses were designed to instill confidence, provide attitudinal and motivational development, and increase educational skills to a level necessary to enter vocational training and eventually to obtain and hold a job.

Generally, conventional teaching techniques were used and instructors were college graduates. Enrollees generally progressed at their own pace and were instructed individually because of the continuous turnover of enrollees and their varying ability levels. At some OICs enrollees were clustered according to vocational goals to permit subjects to be taught at appropriate depths.

Overall results of prevocational training component

Our analyses at the five OICs of enrollee termination information in either the OIC records or a statistical sample of these records indicated that approximately 8,800 enrollees had participated in, and had terminated from, the five OIC prevocational training components during the 12-month periods covered by our review. On the basis of our analyses, we found that:

--3440, or 39 percent, had transferred from prevocational training to vocational training.

--250, or 3 percent, obtained or had been placed in jobs either during or upon completion of prevocational training.

--40, or 1 percent, had transferred to other programs, such as the Concentrated Employment Program or the Job Opportunities in the Business Sector program.

--5,050, or 57 percent, had dropped out before completing prevocational training or being placed in jobs or in other manpower training programs.

Enrollee attendance

Our review of records indicated that the average daily attendance in the prevocational training courses at the five OICs ranged from 35 percent of enrollment at the Milwaukee OIC to 60 percent of enrollment at the Seattle OIC. The corresponding rates of absenteeism--ranging from 65 percent at Milwaukee to 40 percent at Seattle--were attributable, in part, to the OIC practice, as discussed earlier, of retaining inactive enrollees on program rolls for long periods before they were officially terminated.

We were informed by OIC officials or enrollees that absenteeism was generally attributable to conflicts between the class schedules and job hours of enrollees who were employed, to transportation difficulties, and to health and family problems.

Three OICs--Dallas, Oklahoma City, and Seattle--made some attempts to increase enrollee attendance, but these efforts were not always successful. The Dallas OIC began enforcing a procedure in March 1970 to involve enrollees and instructors in encouraging absent enrollees to attend classes. Enrollees were requested to advise OIC when they were going to be absent.

Our analysis of the Dallas OIC's attendance data for a 1-month period in mid-1970 showed, however, that the average attendance rates for that period--45 percent for day classes and 25 percent for evening classes--had dropped below the attendance rates for selected periods in 1969--48 percent for day classes and 30 percent for evening classes. A Dallas OIC official informed us in July 1970 that, in a further effort to increase attendance, responsibility for follow-ups on absent enrollees had been delegated to a newly established department within the OIC and that new procedures concerning follow-ups were being prepared.

At the Oklahoma City OIC, instructors contacted absent enrollees by telephone or counselor-aides visited those who could not be reached by telephone. The contacts were aimed at resolving problems that were keeping the enrollees from attending classes. Using these procedures, however, did not increase average enrollee attendance; it remained at the 50-percent level.

The Seattle OIC began paying stipends in January 1970 to some OIC enrollees. Our analysis of attendance data for the 6-month period ended June 1970 showed that the average rate of attendance had increased to 75 percent from the rate of about 60 percent in 1969. The stipends, which were reduced for unexcused absences, probably contributed significantly to the higher attendance rate. Another factor contributing to the higher rate was the OIC's practice, which started in January 1970, of officially enrolling a person only after he had 2 weeks of orientation. This practice probably resulted in the decrease of about 40 percent in enrollments in 1970.

We were not apprised of any special efforts to improve enrollee attendance at the Milwaukee and Philadelphia OICs.

Dropout rate

The average dropout rate for enrollees who terminated from the prevocational training components at the five OICs during the periods covered by our review was about 57 percent, overall, and ranged from about 48 percent at the Oklahoma City OIC to about 90 percent at the Milwaukee OIC. Although the records for some prevocational training enrollees showed the enrollees' reasons for dropping out of the program, not all enrollee records showed such information. We did not find any evidence that OICs had made detailed analyses to determine the underlying causes or to determine what action was needed to reduce the number of enrollees dropping out.

The available records and our interviews with former enrollees showed that the primary reasons given by the enrollees for dropping out of the program were (1) conflict with the enrollee's existing job, (2) loss of interest in the program, (3) health problems, and (4) personal and family problems.

At the Seattle OIC, which began in January 1970 to pay stipends to enrollees and to enroll persons only after they had completed 2 weeks of orientation, we noted that the dropout rate for prevocational trainees, which was about 50 percent in 1969, had decreased to 37 percent for the first 6 months of 1970. Except for these actions by the Seattle OIC and those steps previously discussed with respect to absenteeism at the Dallas and Oklahoma City OICs, no evidence was found that specific steps were being taken by OICs to reduce the dropout rate for prevocational training enrollees.

Enrollee progress

Each OIC had its own method for determining an enrollee's needs, his progress in the prevocational training component, and his readiness for vocational training. At the time of our review, the Oklahoma City and Seattle OICs had established standards to be used in making such determinations; the three other OICs had not. Also, the Seattle OIC, as a general rule, formally measured enrollee progress against these standards; records at the Oklahoma City OIC indicated that it had done so for about half of its enrollees.

At the Seattle OIC, guidelines were established in January 1970 setting forth what a trainee must be able to do before he could be transferred to his chosen vocational training area and enrollees were tested during prevocational training to measure their proficiency in the required operations. For example, an enrollee wishing to enter the drafting course had to demonstrate that he could multiply decimals and extract square roots before being advanced.

At the Milwaukee OIC, where standards had not been established and where enrollees had not been required to take prevocational training, some attempts were made to measure progress in prevocational training through teacher evaluations. We found that the evaluations were too general to be of much use, however, and that most enrollees who had taken prevocational training were advanced to vocational training at their own request rather than as a result of such evaluations.

The Milwaukee OIC's records showed that only 42 of the 846 enrollees who participated in, and terminated from, the prevocational training component during the 12-month period covered by our review had advanced to the vocational training component. The remainder dropped out or obtained jobs.

At the Philadelphia OIC, enrollees were tested in reading and mathematics prior to starting prevocational training but standards were not established and enrollees were not systematically retested to ascertain their educational achievement or readiness for vocational training. Rather a counselor-instructor team made the determination.

Generally the Dallas OIC's instructors determined by their own methods, such as ungraded quizzes or observation, an enrollee's readiness for vocational training, because standards had not been established and formal testing was not required.

In some cases enrollees were transferred to vocational training before completing prevocational training in order that the minimum enrollment required to start a vocational training class could be met. A Dallas OIC official informed us in July 1970 that the OIC was planning to develop a series of tests to measure enrollee progress, that the instructors would be required to record enrollee progress weekly, that a four-member evaluation team had been formed, and that one of the team's functions would be to make a final evaluation and report on enrollee readiness for vocational training.

Conclusions

To receive substantial benefits from their OIC experience, enrollees need to stay in the training program a sufficient time to acquire adequate knowledge and skills and to develop attitudes and work habits necessary to qualify for and become successful in a job. The inability of OICs to retain enrollees during prevocational training and to assist them in developing the habit of regular attendance, normally a basic job requirement, is a significant problem, the contributing causes of which OICs did not take sufficient action to identify and minimize.

Also clearly defined and realistic standards should be established by those OICs which did not do so for use by program officials in assessing enrollee needs and progress and in determining when prevocational training enrollees attain sufficient knowledge and basic skills necessary for successful participation in and completion of vocational training. In addition, such standards would provide a basis for OICs to better measure the effectiveness of the various aspects of their prevocational training component.

Recommendation to the Secretaries of Labor and of Health, Education, and Welfare and to the Director, Office of Economic Opportunity

We previously have made a proposal regarding absenteeism and early terminations. Regarding the need for standards, we recommend that the three Federal agencies assist OICs to establish uniform, clearly defined, and realistic standards to be used both for assessing enrollee needs, progress, and readiness for advancement and for evaluating the effectiveness of the prevocational training component.

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OEO concurred in our recommendation and stated that prevocational standards were necessary and that, in the light of the recent OIC transfer to Labor, OEO would assist Labor as much as necessary so that the OIC program would continue to improve its prevocational training component.

HEW concurred in our recommendation and commented that it was expected that, through the single-contract concept, more uniform and clearly defined standards would be developed.

Labor advised that procedures were being formulated for measuring and evaluating enrollee progress toward completion of prevocational training.

VOCATIONAL TRAINING COMPONENT

OIC records indicated that, of approximately 4,630 enrollees who participated in and terminated from the vocational training components during the periods covered by our review, about 36 percent were considered to have completed training, 2 percent had been transferred from the vocational training component to other manpower training programs or had been placed in jobs prior to completing training, and the remaining 62 percent had dropped out prior to completion.

OIC records indicated also that, of those who were considered to have completed training, about 85 percent had been placed in jobs and the other 15 percent were awaiting placement at the time they were terminated from the program. While enrolled in the vocational training component, enrollees attended, on the average, about 58 percent of the scheduled classes.

Although the records showed that certain enrollees had completed vocational training, the OICs, except for Seattle and Oklahoma City, had not established standards for determining enrollee progress in and completion of vocational training. The Oklahoma City OIC, although having such standards, did not always determine whether the enrollees had completed the training requirements.

Also some OICs discontinued courses in certain skill areas because of low rates of enrollment, attendance, course completions, or training-related placements but continued to offer courses in other skill areas under similar conditions.

OICs could improve the vocational training component, could increase the benefits available to enrollees, and could provide for a more effective and efficient use of available resources by:

--Reducing the absenteeism and dropout rates.

--Establishing appropriate standards for completing training and measuring enrollee progress against such standards.

--Periodically evaluating the appropriateness of continuing to offer courses in each skill area.

Vocational training design

The vocational training component seeks to give job-entry-level skill training to unemployed, underemployed, and unmotivated disadvantaged persons. Enrollees in the component may be persons transferring from the prevocational training component or newly recruited persons bypassing the prevocational training component and enrolling directly into vocational training. Overall about 25 percent of the enrollees entering vocational training at the five OICs during the periods we reviewed were in the latter category.

A variety of vocational training courses was offered by each OIC during both the day and evening. Courses were offered in specific skill areas generally on the basis of the needs of the community in terms of labor shortages. The instructors were generally college graduates or were experienced in the skill areas offered. Although the courses normally were scheduled for a specific length of time, the enrollees generally progressed at their own pace.

The number of skill areas in which courses were offered during 1969 and early in 1970 ranged from six at the Milwaukee OIC to 26 at the Philadelphia OIC. The Seattle, Oklahoma City, and Dallas OICs offered 13, nine, and seven skill areas, respectively. Some OICs offered basic education, and all of them provided motivational and attitudinal training to enrollees while they participated in vocational training.

The skill areas included (1) clerical and sales occupations, such as typing and retail selling, (2) service occupations, such as commercial cooking and restaurant-related practices, (3) processing occupations, such as power sewing, (4) machine trade occupations, such as automobile mechanics and office machine repair, (5) benchwork occupations, such as those of electronics assembler and electronics technician, and (6) structural work occupations, such as welding, masonry, and carpentry.

The vocational courses appeared to be adequately designed and staffed. Although the available equipment was not always of the latest type being used in industry, it appeared to be adequate for training purposes.

Overall results of vocational training component

Our analyses at the five OICs of enrollee termination information in either the OIC records or a statistical sample of these records indicated that 4,630 enrollees had participated in, and had terminated from, the five OIC vocational training components during the 12-month periods covered by our review. On the basis of our analyses, we found that:

--1,440, or 31 percent, were considered to have completed vocational training and had been placed in jobs.

--250, or 5 percent, were considered to have completed vocational training but had not been placed in jobs at the time they terminated from the program.

--30, or 1 percent, had transferred to other manpower programs prior to completing training.

--40, or 1 percent, had been placed in jobs prior to completing training.

--2,870, or 62 percent, had dropped out of the OIC program during vocational training.

Enrollee attendance and dropout rates

Available records showed patterns of enrollee participation in the vocational training component similar to those in the prevocational training component. For vocational training enrollees the average daily attendance rate was 58 percent and ranged from 45 percent at the Milwaukee OIC to 63 percent at the Seattle OIC. The dropout rate for vocational training enrollees averaged 62 percent for the five OICs and ranged from 87 percent at the Milwaukee OIC to 40 percent at the Dallas OIC.

As in the prevocational training component, these percentages are distorted, to some extent, by the OIC practice of retaining inactive enrollees on program rolls for long periods before they are officially terminated.

Absenteeism and termination prior to completion of training preclude many enrollees from fully developing their capabilities for work and social responsibilities. Dallas OIC officials informed us that family problems, transportation problems, and changes in work schedules of enrollees who were employed contributed to the absenteeism and dropout rates.

Records at the Philadelphia OIC, which had a vocational training dropout rate of 58 percent, showed that the major reasons for enrollees' dropping out prior to completion of training were employment conflicts, illness, and disinterest. The OIC's records did not indicate that any in-depth analyses had been made of the reasons for absenteeism and dropouts from the vocational training component or that specific efforts had been made to reduce the dropout rates, except for efforts similar to those discussed previously with respect to the prevocational training component.

The Seattle OIC, however, had higher attendance and lower dropout rates for the vocational training component for the 6-month period ended June 30, 1970, than it had for 1969. The vocational training attendance rate, which had been 63 percent in 1969, increased to 76 percent, and the dropout rate, which had been 73 percent in 1969, decreased to 66 percent. The payment of stipends and the practice of enrolling persons only after a 2-week orientation period, both of which were initiated by the Seattle OIC in January 1970, probably contributed to these improvements.

Enrollee progress and completion of training

Standards to be used in measuring progress in and completion of vocational training were established by the Seattle and Oklahoma City OICs. The Seattle OIC and, in some cases, the Oklahoma City OIC tested enrollees periodically to measure their achievements against such standards. The three other OICs did not develop such standards, so they had no bench marks against which to measure enrollee progress and completion of training.

Establishing and implementing appropriate standards for determining progress in and for completion of vocational training would enable (1) the enrollee to be aware of his progress and of what he must accomplish to complete his training, (2) the employer to have a clear understanding of the training received by the enrollee, and (3) OICs to measure the effectiveness of their training.

We were informed by Dallas OIC officials that standards had not been established but that instructors evaluated enrollee progress and job-readiness by testing or personal judgment. The Milwaukee and Philadelphia OICs did not prescribe standards and did not require formal testing of enrollees. Rather, at the Philadelphia and Milwaukee OICs, counselors and instructors determined when an enrollee was job-ready. At the Milwaukee OIC such determinations often were made at the enrollee's request rather than made systematically.

Evaluation of vocational courses

Some OICs discontinued offering training in certain skill areas because of low enrollee interest and a low rate of training-related job placements. Our analyses of OIC training courses indicated that there was a need for periodic evaluation of all courses offered to determine whether continuing the courses was appropriate. Such an evaluation appeared to be warranted because of changing labor market requirements, job-placement opportunities, and enrollee interest.

For example, our analysis of enrollment in the nine skill areas offered by the Oklahoma City OIC showed that:

--Five skill areas, during a 6-month period in 1970, had, on the average, eight or fewer enrollees in both the day and evening sessions. One skill area--office machine service--had only two enrollees, one during the day and one during the evening.

--Three skill areas--welding, machine tool operator, and motor mechanic--had a total of 94 enrollees who entered these skill areas during 1969 and terminated from the program prior to June 1970. Of these, 10 were placed in training-related jobs.

The Philadelphia OIC discontinued courses in two skill areas--computer maintenance and office machine repair--after only two enrollees trained in each skill were placed in jobs in 1969. A Philadelphia OIC official informed us that courses in these skill areas, each of which had been offered during both the day and evening, had been discontinued because (1) the length of the training period was too long, (2) a high level of education was required, (3) the training equipment was obsolete, (4) the enrollees showed a lack of interest, and (5) the training did not provide the skill level required on a job.

The Philadelphia OIC's records showed that certain other skill areas being offered also had low enrollee interest and only limited success in job placement. For example, of the 22 remaining skill areas in which courses were offered during the day, 18 had utilization rates (the course capacity relative to enrollee attendance) during 1969 of less than 60 percent, the rate recommended in the Philadelphia OIC's 1968 Management Information System report as a measure of satisfactory performance. Of the 20 remaining skill areas in which courses were offered in the evening,[1] eight had utilization rates in 1969 of less than 60 percent.

(This criterion had been developed by the OIC's Department of Research and Evaluation but was not officially adopted by the OIC.) Also, for each of four of the skill areas which OIC continued to offer, seven or fewer job placements were made during 1969, as shown in the following table.

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[1] Some skill areas are offered both during the day and in the evening; others, only at one time or the other.

Skill area	Number of enrollees Terminating during 1969	Placed Training complete	Training incomplete	Total
Brick masonry	51	6	-	6
Building trades orientation	76	7	-	7
Commercial cooking	22	-	4	4
Restaurant-related practices	10	-	2	2
Total	159	13	6	19

At the Seattle OIC, which offered training to enrollees in the Concentrated Employment Program also, two skill areas--those for computer-programmer aides and sheet metal assembler-installers--were phased out in 1969. The first was phased out as a result of an industry study which had shown a low demand for persons trained for such jobs, and the second because of low enrollee interest. Evaluation of additional courses, however, appeared to be needed.

For example, of the 95 OIC and Concentrated Employment Program enrollees who terminated from the Seattle OIC's basic electronics course during the 18-month period ended June 30, 1970, only seven had completed training. Of the seven who had completed training, five--three OIC and two Concentrated Employment Program enrollees--were placed in jobs. The three OIC enrollees reportedly were placed in non-training-related jobs. Information was not available at the OIC as to whether the jobs in which the Concentrated Employment Program enrollees had been placed were training related.

The Dallas OIC discontinued the teletype operator course and replaced it with a check-proofing-machine-operator course when proofing machines were donated by a local bank. Also the Milwaukee OIC discontinued its course for training cashier-checkers. We did not find any indication, however, that these OICs had established systematic procedures for evaluating the other skill areas they offered from the standpoint of enrollee interest and training-related placements, to determine the appropriateness of continuing the skill training.

Conclusions

During the 12-month periods covered by our review, the five OICs prepared about 1,700 enrollees for jobs through their vocational training components. Other enrollees, who had not completed vocational training, undoubtedly received some benefits from their participation in the OIC program.

Weaknesses in the vocational training components, however, particularly absenteeism and at three OICs a lack of standards against which to measure enrollee progress and training completion, raise some question as to whether enrollees, classified by OICs as having completed the program, possessed the knowledge and job-entry-level skills required for satisfactory job performance.

Classifying an enrollee as having completed the program, without having appropriate standards to aid in such determinations, initially may increase the enrollee's chance to obtain employment; but it may increase also the possibility of his losing the job obtained because of an inability to perform satisfactorily and it may have an adverse effect on attempts to place future program enrollees with the employers involved.

Appropriate criteria for determining progress in and for completion of vocational training would encourage improved training and provide OICs with information to measure their performance and employers with assurance that the enrollees, classified as having completed the program, possessed the minimum requisites for the skills in which they were trained.

Further, as noted previously in regard to the prevocational training component, the inability of OICs to retain enrollees long enough to assist them in developing the habit of regular attendance, normally a basic job requirement, and to enable them in acquiring adequate knowledge and skills necessary to obtain and hold jobs is a significant problem, the basic causes of which OICs should seek to identify and minimize.

Moreover, although some OICs have discontinued offering courses in certain skill areas, additional evaluations appear to be warranted to determine whether other skill areas should be continued. Continuing to offer training in skill areas in which there is low enrollee interest or limited job opportunity is questionable not only from the standpoint of effective and efficient use of available resources but also from the standpoint of continued enrollee confidence in OIC ability to provide marketable skills.

Recommendations to the Secretaries of Labor and of Health, Education, and Welfare and to the Director, Office of Economic Opportunity

We recommend that the three Federal agencies require and assist OICs to

--establish standards for measuring enrollee progress in and completion of vocational training courses, possibly on a programwide basis, and periodically evaluate such standards and

--periodically evaluate--on the basis of enrollee interest, job opportunities, and the most effective and efficient use of available skill-training resources--the appropriateness of continuing to offer training in each skill area.

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In commenting on our first recommendation, OEO advised us that its monitoring of OICs indicated that some standards for measuring vocational training progress already existed. OEO agreed, however, that a more systematic approach to evaluating enrollee progress would be beneficial. OEO believed that standards should, of course, have flexibility so that the program emphasis would continue to be on the program enrollee.

Regarding our second recommendation, OEO agreed that periodic evaluation of the need for the types of skill training offered by OICs in a particular area was necessary to ensure that the labor market could respond to the trained enrollees.

In concurring in our recommendations, HEW stated that it was making plans to experiment with the Institute in the area of skill demonstration or performance testing as opposed to regular achievement or academic testing. In addition, HEW expected the single-contract concept to provide standards and uniformity.

Labor advised us that procedures were being formulated for measuring and evaluating enrollee progress toward completion of vocational training. In addition, Labor stated that the appropriateness of continuing certain vocational training courses was being evaluated.

JOB-PLACEMENT RECORDS AND REPORTS

Our review at the five OICs of job-placement records and reports to the Institute showed that the records had not always been complete or accurate and that they had not always been consistently maintained. Our review showed also that the number of job placements reported by OICs had, in many cases, been overstated or could not be documented. Also we found that the records did not always show the amount of OIC training provided or the nature of the jobs obtained by the enrollees reported as placed.

Further, early in 1970, when we asked the employers named in OIC records about the job status of a sample[1] of 824 OIC enrollees reported as having been placed with them during calendar year 1969, responses received for 495 of the enrollees revealed that, for about 14 percent of the enrollees, employers had no record of the enrollees' ever having been employed by them.

More accurate, complete, and consistent classification and recording of job-placement and job-retention information would enable OICs to better assess the effectiveness of their programs and ensure more reliable and informative reporting of program accomplishments.

The five OICs reported to the Institute a total of 3,688 job placements during calendar year 1969. Our review of OIC records, however, showed that they had placed a total of 1,733 enrollees in full-time jobs during that year--1,441 who were considered to have completed training and 292 who had not completed training.

The Institute included the number of job placements reported by the five OICs--3,688--together with those of all other OICs, in its March 1970 report to the three Federal agencies. The number of job placements reported by the Institute for calendar year 1969 was introduced in hearings held in March 1970 by the Subcommittee on Employment, Manpower, and Poverty of the Committee on Labor and Public

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[1] See ch. 5 for information on sample size and method of selection at each OIC.

Welfare, United States Senate. The Committee included the Institute's figures in its report on the proposed Employment and Training Opportunities Act of 1970 (S. Rept. 91-1136, August 20, 1970).

We asked each of the five OICs for documentation supporting its job placements for calendar year 1969, but only one--Philadelphia--provided us with information showing how it had computed the placements reported to the Institute. The placement information provided to us by the other OICs did not agree with the placement information that they had reported to the Institute.

Our review and analysis of each OIC's job-placement records, including those made available to us by the Philadelphia OIC, showed that generally the records had not been complete or accurate and that they had not been consistently maintained. In many cases, persons reported as having been placed in jobs had not received any OIC training and other persons had attended OIC training sessions, or had received supportive services under OIC subcontracts while they were enrolled in other training programs or were already employed. In some cases, the same person was reported as having been placed more than once, the same placement was reported more than once, or temporary or part-time jobs held by enrollees during training to enable them to continue in the OIC program were recorded as placements. Also our attempts to obtain information on the job status of enrollees reported as placed revealed that, in some cases, they never had been employed by the employers named in OIC records.

The following examples illustrate the above observations.

1. Information made available to us by the Philadelphia OIC showed that, of its reported 2,085 job placements for calendar year 1969, only half--998--had been enrolled in the OIC program and had been provided with vocational training at the OIC. The remainder were almost evenly divided between prevocational training enrollees who had been provided with temporary or part-time jobs to enable them to continue their OIC training and persons who had been provided with training at the OIC but who were enrolled in programs other than the OIC training program.

In reviewing the OIC placement records on the 998 reported vocational training placements, we identified 58 persons who were reported as having been placed more than once and who accounted for 125 placements; 23 persons who, according to the records, did not receive OIC training; and 228 persons who were placed in special training projects sponsored by local business, for which the OIC provided training or supportive services. We also inquired of the employers named in the OIC's records about the job status of 347 enrollees who were reported as calendar year 1969 vocational training placements. We were informed that, of the 212 enrollees for whom we received responses, 13 had not been employed by these employers.

2. The Milwaukee OIC's records showed that, of its 231 reported placements for calendar year 1969, nearly half were persons who had come to the OIC looking for jobs and had been placed directly without receiving any training at the OIC. Our further analysis of the records and our inquiries of the named employers on the 144 placements reported for the 7-month period March through September 1969 showed that six persons were reported erroneously as having been placed in jobs, that 13 had been hired but had not started work, that 77 had been placed directly, and that, of the 48 remaining persons who had received some OIC training, only 13 were considered by the OIC to have completed training.

3. The Institute's March 1970 report to the three Federal agencies showed 603 job placements for the Seattle OIC for calendar year 1969. The OIC's records, however, showed only 307 full-time job placements and 159 placements of enrollees in temporary or part-time jobs during training. Our analysis of the records on the full-time job placements showed that, after eliminating placements that had been reported more than once, multiple placements for the same enrollees, and placements in prior years, the OIC actually had placed 249 of its enrollees in full-time jobs during 1969, of whom 145 were considered to have completed training.

Conclusion

Because the primary objective of the OIC program is to train persons to obtain and hold jobs, it is important that job-placement information be recorded accurately, be reported consistently, and include a clear record of OIC training provided and the nature of the job, so that the effectiveness of the OIC program can be evaluated.

Because OIC job-placement information has not always been accurate and complete, a realistic relationship between job-placement experience and OIC training has not been available.

Recommendation to the Secretaries of Labor and of Health, Education, and Welfare and to the Director, Office of Economic Opportunity

We recommend that the three Federal agencies require and assist OICs to maintain adequate records of enrollee termination information and to develop a reporting system which will provide OICs with appropriate information on job placements.

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OEO concurred in our recommendation, as did HEW. HEW commented that, although job placement was a specific responsibility of the U.S. Employment Service component of the OIC contract, the Area Manpower Institutes for the Development of Staff Centers was assisting the Service in this effort and that HEW was sharing with the Service the pertinent experience gained in administering manpower skill centers.

Labor stated that a central records system had been implemented in all local OIC programs. Labor said that it was requiring, and through the Institute was assisting, OICs to maintain adequate records covering all aspects of enrollee activities from the initial recruitment through postplacement follow-up.

JOB-DEVELOPMENT ACTIVITIES

The Milwaukee OIC was expending little effort on job development at the time of our review because so few enrollees had completed training under its program. The job-development activities of the other four OICs generally were adequate in finding job openings to which enrollees who were considered to have completed training could be referred.

Each OIC had a job-development staff responsible for determining the skills needed by employers in the local areas and the employment opportunities available to OIC enrollees and for making the employers aware of the OIC program and the availability of OIC enrollees. OICs used a variety of direct and indirect approaches to identify or develop employment opportunities; the most prevalent method was personal contacts with potential employers.

In addition to maintaining personal contacts, the Seattle OIC--which concentrated its efforts on finding training-related jobs having chances for advancement--relied on labor forecasts, was on the mailing lists for publications of employment opportunities in the area, and maintained liaison with other job-finding agencies. Oklahoma City OIC officials frequently spoke at civic and church functions in efforts to reach potential employers and invited potential employers to tour the OIC and to learn about the employment potential available.

The effectiveness of OIC job-development efforts in finding jobs for program enrollees can be judged, to some extent, by the fact that, during the periods covered by our review, about 85 percent of the enrollees who were considered to have completed the program were placed in full-time jobs.

FOLLOW-UP ON ENROLLEES PLACED IN JOBS

Each OIC made some follow-up contacts with former enrollees who had been placed in jobs or with their employers, to identify problems or additional supportive services needed by the enrollees in meeting employment requirements and to obtain information needed to evaluate program effectiveness. The contacts generally were not being made in the manner and to the extent called for in agreements with the three Federal agencies. Also the contacts that were made, which generally were made with employers, were not always timely or adequately documented. OICs made little--or, in the case of the Seattle and Milwaukee OICs, no--effort to follow up on those enrollees who had left the jobs in which they initially had been placed.

As a result not all former OIC enrollees were being given the assistance necessary to enable them to retain stable employment. Also OICs were not obtaining information needed to evaluate the effectiveness of their programs.

The best test of the effectiveness of a job-training program is whether a person can hold a job after he has been hired. Therefore the Federal-agency funding agreements require that OICs follow up on enrollees referred to or placed in jobs, to provide them with any additional assistance needed to retain stable employment and to secure information to evaluate the effectiveness of the OIC program.

The agreements generally provide for follow-up contacts to be made with former enrollees shortly after their placement in jobs and on a regular basis thereafter at periods of 3 months to more than a year and for follow-up contacts to be made with the enrollees' employers as necessary.

Except for contacts with employers made by the Seattle OIC and contacts with the enrollees made by the Oklahoma City OIC, however, follow-up contacts were not being made on a regular basis. The Philadelphia OIC generally contacted employers shortly after enrollees had been placed in jobs to confirm that they had reported to the jobs but made only limited contacts thereafter with either the former enrollees or the employers to follow up on job performance or to assist the enrollees in solving personal or job-related problems.

A Dallas OIC official informed us that they had made some follow-up contacts, but not on a regularly scheduled basis; that responsibility within the OIC for follow-up had changed several times during the period of our review; and that documentation on follow-up contacts had not been maintained in an orderly manner. A Seattle OIC official informed us that formal efforts had not been made to contact former enrollees who were working and that follow-up records had not been maintained prior to 1969. Also we were informed by OIC officials that the Seattle and Milwaukee OICs had made no efforts, and that the three other OICs had made only limited efforts, to contact former enrollees who had left their initial jobs.

At the Milwaukee OIC our analysis of follow-up records for 47 enrollees reported as being placed in jobs during July, August, and September 1969--follow-up records had not been maintained prior to July 1969--showed that, on the average, 21 days elapsed from the date of placement to the date of the first recorded follow-up contact with either the former enrollee or his employer. Of the 47 enrollees, 15 left their jobs prior to the first recorded contacts and thereby negated any effect the contacts might have had in aiding them to adjust to and maintain employment.

Our inquiries of the employers named in OIC records of 495 enrollees reported as placed during 1969 (see app.II) showed that, at the time of the employers' responses, 227 enrollees still were employed, 67 had not been listed in the employers' records as having been employed, and 201 who had been employed no longer were employed. In our opinion, the failure of significant numbers of enrollees to report for work or to remain employed indicates that many enrollees referred to or placed in jobs were in need of follow-up assistance. Even in situations in which enrollees were laid off because of economic conditions, follow-up assistance would have been helpful.

OIC officials generally acknowledged that there was a need for improved follow-up with enrollees who had been referred to jobs or who had been placed in jobs and with their employers. They informed us that their follow-up activities had not been as complete or effective as they might have been because of such factors as insufficient funds, limited staff, continuing changes in the organizational components responsible for follow-up, and the failure of former enrollees to notify OICs when employment problems were encountered.

Conclusions

OICs needed to improve their follow-up with former enrollees who had been referred to or who had been placed in jobs and with their employers to ensure that the enrollees are provided with all assistance necessary to enable them to obtain and retain stable employment. Such follow-up is necessary to obtain information for evaluating program effectiveness. Follow-up contacts should be made on a regular basis, and follow-up assistance should be available to former enrollees until they are fully self-reliant.

We recognize that improved follow-up procedures would add to the program's costs. We believe, however, that, because OICs generally have invested substantial resources in bringing enrollees to a job-ready status, the added costs to ensure job retention would be worthwhile.

Adequate documentation of follow-up contacts would facilitate continuity of follow-up services when there is a turnover of follow-up employees or when responsibility for follow-up is reassigned. Information obtained from follow-up contacts would assist in evaluating the programs' effectiveness in helping enrollees to obtain and retain employment and would help to identify and correct weaknesses in OIC training and job-placement activities.

Agency actions

In a draft report we proposed that the Secretaries of Labor and of Health, Education, and Welfare and the Director of the Office of Economic Opportunity enforce the requirement that OICs make regular follow-up contacts with former enrollees who had been referred to jobs or who had been placed in jobs and with their employers and that OICs maintain adequate documentation of such contacts.

In concurring in our proposal, OEO stated that, in a recent evaluation report on OICs (dated November 13, 1970), OEO had recommended that OICs develop longer periods of follow-up on former enrollees. OEO stated also that OICs had informed OEO that the recommendation had been implemented. The follow-up period was extended to 1 year after referral or placement. HEW also concurred in our proposal.

Labor stated that, through the Institute, all OICs are required to have established follow-up capabilities. Labor stated also that records are being maintained to include the number of enrollees placed in jobs and backup information--names, placements, dates, skill areas completed, and follow-up for 1 year after placement.

CHAPTER 4

IMPROVEMENTS NEEDED IN PROGRAM MANAGEMENT

Improved monitoring and evaluation of OICs by the three Federal agencies or by their contractors, accumulation of better operational data, and a change in the funding arrangements of OICs were needed to improve program management at all levels. The three Federal agencies, the Institute, and the OICs made some efforts to bring about the needed improvements, and further actions are being planned. The improvements needed and the actions taken or planned to effect the improvements are discussed in the following sections of this chapter.

MONITORING AND EVALUATION EFFORTS AND PROGRAM DATA

OIC operations were monitored and evaluated in varying degrees directly by the Federal, State, local, and other agencies involved in the OIC program. For some OICs outside contractors were hired by community action agencies or by the Federal agencies to make special evaluations, and each of the OICs was audited regularly by a public accounting firm.

The monitoring and evaluation efforts would be more effective, however, if (1) they were made on a more systematic basis and responsibility for them was defined more clearly, (2) an assessment of program effectiveness and compliance with contractual requirements were included, and (3) prompt actions were taken to implement needed improvements. Also officials of OICs and of the participating Federal agencies needed better operational data than was available, to more effectively manage the OIC program and to monitor and evaluate its progress.

Systematic and in-depth monitoring and evaluations provide means for assessing progress in achieving program objectives and for identifying improvements, changes in program emphasis, and technical assistance that may be needed. To ensure coverage of all major program aspects and to enable assessment of program progress, monitoring and evaluation efforts must be adequately planned and responsibility for them clearly defined, standards must be established against which progress can be measured, and adequate operational data must be available. To ensure prompt implementation of needed improvements, the responsibility for, and the authority to direct, corrective action should be clearly delineated and effectively exercised.

Monitoring and evaluation

Monitoring and evaluation of OIC activities were done or were arranged for during the period of our review by the local community action agencies, the Institute, the participating State agencies, and the three Federal agencies. The extent of monitoring and evaluation ranged from continuous on-going monitoring of the Dallas OIC by the State employment commission and the local community action agency, to periodic visits by Institute staff to each OIC, except the Philadelphia OIC, and to sporadic and infrequent monitoring and evaluation by the three Federal agencies. For example, as of July 1970, HEW and Labor representatives had not evaluated the Seattle OIC program after its inception in 1966 and OEO had not evaluated the Philadelphia OIC after 1967, when a management consulting firm under an OEO contract made a pilot study of the OIC's program.

The three Federal agencies relied, for the most part, on the Institute and the State and local agencies through which OICs were funded to monitor and evaluate OIC activities. The monitoring and evaluation efforts, however, were not coordinated effectively; the duties and responsibilities of those persons monitoring and evaluating the program and the standards they were to use to measure progress were not always defined clearly or were defined too loosely; some aspects of OIC activities were not reviewed; and the authority to direct and the responsibility to implement needed improvements were not always delineated or exercised.

According to the contracts, when corrective actions are recommended by the Institute, the authority to direct that these changes be made is retained by the three Federal agencies. At the time of our review, however, these agencies apparently had not taken much action to see that improvements recommended by the Institute were implemented.

As a result, such program aspects as the progress made in training and placing the desired number of persons in jobs or in reaching the intended target population were not always reviewed by the three Federal agencies; the reasonableness of program costs was not always reviewed by the three Federal agencies; although problem areas were reported to the three Federal agencies, the causes of the problems were not always identified; monitoring and evaluation efforts were sporadic; and the same management weaknesses or problem areas for the same OICs were reported repeatedly to the three Federal agencies with no apparent action being taken to direct or implement needed improvements.

Operational data

Better operational data was needed for monitoring and evaluation purposes and for program management. In August 1969 a management information system, designed specifically for OICs but patterned after Labor's overall manpower information system, was adopted. This system was intended to serve the information requirements of OICs and to provide reliable operational data for monitoring and funding decisions by the Federal agencies and for comparison of OIC program results with the results of other Federal manpower programs.

Although we noted some improvement in the amount and type of data developed by OICs under this system over that developed previously, the data still was not consistent, complete, or reliable. The inconsistency in the data resulted because such decisions as when a person was to be considered enrolled in or terminated from the program were made by each OIC. The Milwaukee OIC, for example, had several policies for determining when a person would be considered as entered in the program but had no criteria for determining when a person should be considered as no longer in the program.

The data was incomplete because the system did not adequately provide for accumulating and reporting such information as: (1) educational progress of enrollees, (2) capacity of and average enrollment in prevocational and vocational courses, (3) type of job placement, training-related or non-training-related, (4) supportive services provided to enrollees, (5) statistics on program results in relation to program goals, and (6) characteristics of enrollees as between day and evening courses.

Moreover, the data was not always accumulated and recorded systematically by OICs and, as discussed in this report, OIC records frequently were inaccurate or incomplete. For example, the Milwaukee OIC reported an enrollment of 649 enrollees as of February 28, 1970; our analysis of the OIC's records, however, showed the enrollment at that time to be 417.

We were informed by a Labor official in October 1970 that the information system needed improvement and that efforts would be made to correct the deficiencies. He stated that the data obtained from the system by Labor, which acts as the focal point for the system at the Federal level, was not being disseminated to OEO and HEW basically because of the unreliability of the data. In April 1971 we were informed by a Labor official that the management information system was undergoing revision.

Conclusions

The operations of OICs should be monitored and evaluated systematically and in depth, to enable those responsible for management decisions to determine the effectiveness of OICs in achieving program objectives and to determine the improvements, changes in program emphasis, and technical assistance that may be needed. The monitoring and evaluation efforts should be adequately planned and responsibilities of the various agencies involved in the OIC program should be clearly defined so that the most efficient methods of monitoring and evaluating can be used and so that prompt and appropriate action can be taken on recommended improvements.

The OIC management information system needs considerable improvement, and OICs need to maintain more accurate and complete records if consistent, complete, and reliable operational data is to be available for monitoring and evaluation purposes and for program management decisions.

Recommendations to the Secretaries of Labor and of Health, Education, and Welfare and to the Director, Office of Economic Opportunity

We recommend that the three Federal agencies develop a monitoring and evaluation plan which will

--define the responsibility for, and the timing and degree of, monitoring and evaluation efforts,

--establish standards against which program progress can be measured, and

--fix responsibility for ensuring that prompt and appropriate actions are taken on recommendations for improvements.

We recommend also that the Federal funding agencies review the design of the OIC management information system and OIC recordkeeping procedures and practices with a view toward improving the reliability and usefulness of operational data needed for monitoring and evaluation purposes and for effective program management.

- - - -

OEO indicated that, in the light of the OEO transfer of its OIC responsibilities to Labor effective July 1, 1971, OEO regarded Labor as a lead agency in regard to a definite monitoring and evaluation plan designed to comply with the recommendation but that OEO would assist Labor where appropriate.

OEO stated that its recent evaluation of the technical assistance provided by the Institute indicated that, overall, OIC was a quality manpower training program. OEO foresaw that the single-agency-funding arrangement would eliminate many of the present problems.

HEW concurred in our recommendations and stated that HEW, through the Area Manpower Institutes for the Development of Staff Centers, was providing technical assistance to OICs, to improve the management information system and recordkeeping procedures. HEW, however, expressed its willingness to join with Labor and OEO in developing a monitoring and evaluation plan.

Labor advised us that OICs were being monitored and evaluated regularly through a plan developed by the Institute in conjunction with Labor. Labor indicated that the plan defined the responsibility for the timing and degree of monitoring and evaluation, established standards against which program progress could be measured, and fixed responsibility. Labor indicated also that it planned to initiate during calendar year 1972 an overall evaluation of OICs to assess the degree to which the OIC program achieved the stated objectives.

SINGLE-SOURCE FEDERAL FUNDING

Under 1971 agreements among the three Federal agencies and the Institute, the funding arrangements of OICs have changed since the period of our review. The contract provides for Federal funds to be channeled through Labor to the Institute. The Institute is the prime contractor principally responsible to Labor for the performance, monitoring, and evaluation of all local OICs, which are subcontractors under the contract. Effective implementation of the changes specified in the contract should reduce the administrative work loads of both OICs and the Federal agencies.

According to an OEO official, pilot tests seeking a better method of funding OICs were undertaken by the Federal agencies in August 1970 and were scheduled to cover a 1-year period, after which results were to be evaluated. As of January 1972 the tests had not been evaluated. The proposed Employment and Manpower Act of 1970, which was vetoed by the President in December 1970, would have centralized in Labor the Federal responsibility for funding and administering the OIC program. Also legislation introduced in 1971 called for the centralization of responsibility for the OIC program in Labor.

OICs included in our review were provided with their program funds by the three Federal agencies and by State and local agencies in the form of grants, cost-reimbursement contracts, or contributions. OEO and Labor funds were used primarily for the prevocational training component and administrative expenses; HEW funds were used for the vocational training component. OEO and Labor generally funded OICs on an advanced-funding basis through grants to the local community action agencies, and HEW either contracted directly with OICs or provided funding through State vocational training agencies on a reimbursement basis.

These funding arrangements that were in effect during our review created an administrative burden for OICs because of different application procedures and forms, different policies and reporting requirements, various funding periods for different program components, and the need for separate recordkeeping to account for the funds. We were informed by an Institute representative that the OIC prevocational and vocational training components sometimes operated as separate entities and that there was little coordination between them because they were funded by different agencies. Each of the Federal agencies established administrative procedures to carry out its responsibilities, and no one agency had responsibility for approving and monitoring the entire OIC program.

Some of the problems encountered by OICs because of the various funding arrangements are discussed, as follows:

1. For example, at the Oklahoma City OIC, numerous bookkeeping adjustments had to be made to keep the records for each Federal funding agency in agreement with the OIC fund balance. Likewise, at the Milwaukee OIC, costs that were not directly chargeable to a particular Federal agency were allocated and charged arbitrarily against the funds provided by each agency.

2. Payroll expenses for each OIC were to be shown as personnel costs on OEO and Labor reports but as instructional services on HEW reports. Travel expenses were to be shown as such on OEO and Labor reports but as local supervision costs on HEW reports.

3. Morale problems were created at the Dallas OIC because employee salaries and annual leave schedules approved for the prevocational training component funded by Labor and OEO differed from those approved for the vocational training component funded by HEW although the job responsibilities were similar.

4. Although OEO and Labor provided advance funding, HEW funds for the Dallas OIC were channeled through the State education agency, which was precluded by State law from providing advance funding to training institutions, such as OIC. As a result, the Dallas OIC had funds available to pay prevocational training and administrative expenses but it incurred estimated interest expenses of $11,000 on bank loans to carry out its vocational training component over a 2-year period.

Conclusion

Funding OICs by or through a single Federal agency, if effectively implemented, should simplify accounting and reporting requirements, should eliminate many of the financial and operational problems encountered by OICs and the three Federal agencies, and should result in a more efficient operation.

The administration of OICs at the Federal level continues to be vested in the three Federal agencies in varying degrees. Labor, acting as the lead agency, is to keep HEW and OEO apprised of OIC program policy changes and generally the results of its monitoring and evaluation functions. The 1971 agreements provide for (1) HEW to maintain its statutory responsibility, particularly that for institutional training activities, and (2) OEO to be involved as Labor carries out its evaluation and monitoring functions and to retain authority to evaluate overall program effectiveness and impact to ensure that the criteria for low-income participants are being met.

Thus there is a need to modify the proliferation of responsibility for administration at the Federal-agency level. The duplication or overlapping caused by this proliferation can be counterproductive and may diminish the benefits that would be achieved through the single-source Federal funding.

Matter for consideration by the Congress

Although single-source Federal funding, in effect, has been achieved administratively by the three Federal agencies, the Congress, in its deliberations on centralizing at the Federal-agency level the responsibility for the administration of the OIC program, may wish to consider the administrative problems of divided responsibility which remain and which are discussed above.

CHAPTER 5

SCOPE OF REVIEW

Our review of OICs in Philadelphia, Milwaukee, Dallas, Oklahoma City, and Seattle was directed toward examining into program results, the efficiency of OIC administration, and the discharge by the three Federal agencies of their responsibilities relative to OICs. We reviewed applicable legislation, policies, program documents, reports, correspondence, and other pertinent records and interviewed officials at OICs, the Institute, and the local community action agencies concerning activities during 1969 and 1970.

We reviewed also records and reports and interviewed officials at the headquarters office and pertinent regional offices of OEO, Labor, and HEW and at the State offices involved in the funding or administration of OICs. We also visited an OIC in Wilmington, Delaware, that was not federally funded. In addition, we interviewed current enrollees and former enrollees and their employers to obtain their views and comments on the OIC program and the training received by the enrollees.

We selected samples of enrollees at each OIC to obtain information about the enrollees and the OIC program. The samples selected and the purposes of each are, as follows:

> Philadelphia--From a universe of 3,914 enrollees who terminated from the OIC during calendar year 1969, we randomly selected 329 enrollees and reviewed available related records to determine their personal characteristics, the services provided to them, and the extent of their participation.
>
> To obtain information on enrollees reported to have been employed and on their employment experience, we mailed questionnaires to the 168 employers who were shown in the OIC's records to have hired the 347 enrollees reported as placed in jobs from vocational training during the months of February, May, September, and November 1969. Responses were received from employers of 212 enrollees.

Milwaukee--From a universe of 897 persons who enrolled in the OIC during the 7-month period March through September 1969, we selected a random sample of 135 enrollees to analyze their personal characteristics, their program participation, and the services provided to them. To analyze employment experience we reviewed available information on all 144 enrollees reported as placed in jobs during this 7-month period and submitted questionnaires to, and received responses from, the employers of 138 of the enrollees.

Dallas--From a universe of 1,514 enrollees who terminated from the program during calendar year 1969, we randomly selected a sample of 150 and reviewed available related records to determine their personal characteristics, their program participation, and the services provided to them. For job-placement and job-retention information, we selected 152 enrollees that had been reported as placed during calendar year 1969--24 were in the above sample of 150--and mailed questionnaires to the named employers of 143 of the enrollees whose records showed that they had been placed and for whom the employers' names and addresses were available. Responses were received from employers of 109 enrollees.

Oklahoma City--To determine personal characteristics we selected for review 121 enrollees who entered the OIC during October 1969. To determine program participation, services provided, and employment experience, we selected at random 102 of the 624 enrollees that OIC reported as having been placed in jobs during 1969 and 122 of the 992 enrollees reported as having left the program during 1969 prior to completing training or being placed. We submitted questionnaires to the reported employers of 102 randomly selected enrollees claimed to have been placed. Responses were received from employers of 101 enrollees.

Seattle--Our analysis of personal characteristics and program participation and services was based on a random selection of 148 of the 2,171 enrollees who had terminated from the program during 1969. To determine employment experience, we selected for review 94 of the 249 enrollees reported as placed in full-time jobs during 1969 and mailed questionnaires to their reported employers. Responses were received from employers of 89 enrollees.

LIST OF OICS AS OF JULY 31, 1971

TRI-AGENCY-FUNDED OICS

Camden, New Jersey
Cincinnati, Ohio
Dallas, Texas
Erie, Pennsylvania
Harrisburg, Pennsylvania
Jacksonville, Florida
Little Rock, Arkansas
Menlo Park, California
Milwaukee, Wisconsin
Minneapolis, Minnesota
Oklahoma City, Oklahoma
Omaha, Nebraska
Philadelphia, Pennsylvania
Roanoke, Virginia
Seattle, Washington

OIC-NATIONAL-INSTITUTE-FUNDED OICS

Champaign, Illinois
Charleston, West Virginia (note a)
Charlotte, North Carolina
Charlottesville, Virginia
Chicago, Illinois
Cleveland, Ohio
Dayton, Ohio
Denver, Colorado
East Bay, California
Fort Lauderdale, Florida
Hudson Valley, New York
Huntington, West Virginia
Knoxville, Tennessee
Lehigh Valley, Pennsylvania
Long Beach, California
Louisville, Kentucky
Lubbock, Texas
Mansfield, Ohio
McKeesport, Pennsylvania
Miami, Florida
Montgomery, Alabama
New Haven, Connecticut
New London, Connecticut
New York (Bronx)
New York (Brooklyn)(note a)
Norristown, Pennsylvania
Oklahoma City, Oklahoma (model)(note b)
Philadelphia, Pennsylvania (model)(note b)
Phoenix, Arizona
Pittsburgh, Pennsylvania
Portland, Oregon
Providence, Rhode Island
Rockford, Illinois
Rocky Mount, North Carolina
Saginaw, Michigan
San Francisco, California
San Jose, California
Stockton, California
Washington, D.C. (note a)
Washington, D.C. (model)(note b)
Wilmington, Delaware
Yakima, Washington

OTHER-GOVERNMENT-FUNDED OICS

Atlanta, Georgia
Baltimore, Maryland
Boston, Massachusetts
Bristol, Pennsylvania
Nashville, Tennessee
Norfolk, Virginia
St. Paul, Minnesota
Xenia, Ohio

PRIVATELY FUNDED OICS

Augusta, Georgia
Greensboro, North Carolina
Jackson, Mississippi
Orlando, Florida
Richmond, Virginia
Salisbury, Maryland

[a] Formerly funded under the tri-agency agreement between Labor, HEW, and OEO.

[b] The models represent OICs that are exceptional as to quality and are used also for the onsite training of OIC and Institute professional staff.

RESULTS OF GAO FOLLOW-UPS WITH

EMPLOYERS ON SELECTED JOB PLACEMENTS

To examine into the employment experience of former OIC enrollees, we inquired of the named employers about the job status of 824 persons who were shown in OIC records to have been placed in full-time jobs during calendar year 1969. The named employers of 649 of the former enrollees responded. The responses were received by us during a 5-month period, February through June 1970. OIC records showed that, of the 649 former enrollees for whom responses to our inquiries were received, 495 had received some vocational training at the OICs.

The named employers of the 495 former enrollees informed us that 428 had been employed by them and that 227, or about 53 percent, still were employed by them. The employers named in the records informed us that they had no record of employment for the 67 other former enrollees.

Characteristics of the 428 former enrollees who had been employed or who still were employed by the named employers are, as follows:

		Sex		Education completed			Age				
	Total	Male	Female	Grade 12 or higher	Grade 11 or lower	Unknown	Under 21	21-30	31-40	Over 40	Unknown
Still employed	227	66	161	54	30	143	38	92	39	23	35
No longer employed	201	80	121	58	39	104	33	71	38	27	32
Total	428	146	282	112	69	247	71	163	77	50	67

The former enrollees who still were employed by the named employers had been employed, on the average, about 8 months at the time of the employers' responses. The length of employment ranged from about 2 months to more than 18 months.

Of the 201 persons no longer employed, 29 percent had worked for the employer less than 1 month, 46 percent for 1 to 6 months, 17 percent for 6 to 12 months, and 2 percent for more than 12 months. This information was not provided to us for the remaining 6 percent. Of the 201 persons no longer employed, 50 percent were reported by the employers to have left their jobs voluntarily and 46 percent were discharged; for the remaining 4 percent, the employers did not provide us with the reasons for separation. The persons who left their jobs voluntarily gave their employers the following reasons for leaving.

	Percentage	
Reason	Male	Female
Obtained or seeking another job	18	16
Returned to school	9	1
Personal reasons	6	14
Illness	15	4
Dissatisfied with job	18	11
Moved	6	11
Other	4	11
No reason given by the person or he failed to report back to work after starting the job	24	32
Total	100	100

According to their employers the former enrollees were discharged from their jobs for the following reasons.

	Percentage	
Reason	Male	Female
Cutbacks in jobs	31	30
Excessive absenteeism	29	20
Inadequate job performance	17	24
Lack of job skills	13	10
Unable to get along with other employees or general attitude inadequate	2	6
Other	4	6
Employer not responsive to question	4	4
Total	100	100

Of the persons no longer employed, 59 either were discharged by their employers or voluntarily terminated their employment within the first month. According to their employers, about 38 percent of these persons were discharged because of high absenteeism, inadequate performance on the job, or a lack of job skills and 20 percent quit their jobs without giving reasons or simply failed to report back to work. Such situations raise serious questions as to whether these persons were provided with the necessary motivation and job skills while enrolled in the OIC program or with the needed supportive services thereafter.

At the time of the employers' responses, the employers reported wages for the 66 males who still were employed and for the 80 males who either had been discharged by their employers or had voluntarily terminated their employment with the named employers, as follows:

	Number of males			
	Still employed		No longer employed	
Wage	Starting rate	Current rate	Starting rate	Terminal rate
Up to $1.50 an hr.	-	-	-	-
$1.51 to $2 " "	13	8	10	8
$2.01 to $2.50 an hr.	24	11	19	17
$2.51 to $3 an hr.	16	21	14	10
$3.01 to $3.50 an hr.	3	16	8	11
$3.51 to $4 an hr.	3	2	10	10
Over $4 an hr.	4	5	14	16
Employer not responsive to question	3	3	5	8
Total	66	66	80	80

The wages reported for the 161 females who still were employed at the time of the employers' responses and for the 121 females who either had been discharged by their employers or had voluntarily terminated their employment are, as follows:

Wage	Number of females			
	Still employed		No longer employed	
	Starting rate	Current rate	Starting rate	Terminal rate
Up to $1.50 an hr.	5	3	4	-
$1.51 to $2 an hr.	99	58	74	47
$2.01 to $2.50 an hr.	40	76	26	42
$2.51 to $3 an hr.	9	10	1	7
$3.01 to $3.50 an hr.	2	2	1	2
$3.51 to $4 an hr.	-	-	1	-
Over $4 an hr.	-	-	-	-
Employer not responsive to question	6	12	14	23
Total	161	161	121	121

The starting wages of the persons in our sample ranged from $1.08 to $5.70 an hour. The average hourly starting wages for persons placed by each of the five OICs were:

OIC	Still employed	No longer employed
Dallas	$1.85	$1.87
Milwaukee	2.20	1.98
Oklahoma City	1.94	1.81
Philadelphia	2.17	2.25
Seattle	2.62	3.23

At the time of the employers' responses, the persons who still were employed were earning between $1.08 and $4.54 an hour; those persons who no longer were employed by the named employers were earning between $1.40 and $5.70 an hour at the time of termination. The average hourly wages for these persons at the time of the employers' responses or at the time of termination were:

OIC	Still employed	No longer employed
Dallas	$2.05	$1.92
Milwaukee	2.42	1.99
Oklahoma City	2.15	1.81
Philadelphia	2.37	2.40
Seattle	2.75	3.30

OFFICE OF ECONOMIC
OPPORTUNITY

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

OCT 18 1971

Mr. Henry Eschwege
Associate Director
United States General
Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

Enclosed are the Office of Economic Opportunity's comments on your Draft Report to the Congress of the United States entitled, "Assessment of the Operations and Management of Opportunities Industrialization Centers."

I appreciate having the opportunity to submit these comments and apologize for the delay in submitting them.

Sincerely,

Wesley L. Hjornevik
Deputy Director

Enclosure

Office of Economic Opportunity Comments on the Draft GAO Report of the Comptroller General of the United States entitled: "Assessment of Operations and Management of Opportunities Industrialization Centers"

In that the Office of Economic Opportunity and the Department of Labor have already entered into an interagency agreement transferring OEO's responsibility for OICs to DOL effective July 1, 1971, we will limit our comments to the specific recommendations made by the GAO draft report.

GAO RECOMMENDATIONS AND OEO COMMENTS:

I. Improvements Needed in Program Operations

GAO draft report, page 37: "We recommend that the three Federal agencies develop for inclusion in future funding agreements with the OICs, specific uniform eligibility requirements directed toward recruiting low-income persons who are unemployed or underemployed. We recommend also that the funding agencies provide the necessary guidelines and technical assistance to direct the recruiting activities toward the defined target population."

OEO Comment: Although the Office of Economic Opportunity has always imposed on its OIC grantees the requirement to enroll individuals that meet the OEO poverty guidelines, the poverty guidelines criteria have not been rigidly enforced during the development years of OIC to allow for program acceptability in the communities. This allowance has attracted a percentage of marginally poor persons into OIC. The great majority of OIC enrollees, however, have been eligible for training under the OEO poverty guidelines. The single agency funding arrangement is designed to cure this problem. OEO will stand ready to assist the Department of Labor in seeing that this recommendation is implemented.

II. Need to Improve Counseling Program

GAO draft report, page 45: "We recommend that these Federal agencies, together with the OIC Institute, encourage the OICs to:

--develop and use appropriate uniform measurement devices which will assist in determining enrollees' vocational interests and aptitudes and levels of achievement in reading and mathematics.

OEO Comment: OEO believes and our monitoring indicates that the "Feeder Program", which is the prevocational component, provides the enrollee with a degree of these uniform devices already. OEO recognizes, however, that the "Feeder Program" effectiveness varies significantly from program to program and will assist DOL in improving the overall "Feeder component".

GAO draft report, page 45:

--provide individual and group counseling on a regularly scheduled basis to all enrollees and maintain appropriate records thereon.

OEO Comment: OEO considers that OIC has done group and individual counseling to some degree. Counseling is an important aspect of the program's design. However, OEO agrees that a more structured counseling program should be implemented.

GAO draft report, page 45:

--strengthen procedures for following up on and, if necessary, terminating from the program those enrollees absent for long periods or leaving the program prior to completion of training or job placement.

OEO Comment: OEO supports this recommendation but feels that under termination standards and procedures flexibility should be employed to guard against killing the motivational factor of enrollees.

GAO draft report, page 45:

--identify the factors that cause enrollees to become inactive or drop out of the program prior to completion, and take whatever action is necessary to alleviate such causes."

OEO Comment: OEO agrees that the individual counseling aspect of OIC should be increased, which would be one way of identifying enrollee problems. OEO also sees some evidence of where the OIC has included the enrollee recently in more program participation in order to create a situation where better communication will be established (i.e., membership on OIC Board of Directors). This will serve to identify enrollee problems and improve and strengthen the program.

III. Need to Improve Effectiveness of Prevocational Training

GAO draft report, page 54: "We recommend that the three Federal agencies assist the OICs to establish uniform, clearly defined, and realistic standards to be used both for assessing enrollee needs, progress, and readiness for advancement, and for evaluating the effectiveness of the prevocational training component."

OEO Comment: OEO agrees that prevocational standards are necessary and in light of the recent OIC transfer to DOL will assist DOL as much as necessary so that the OIC program will continue to improve its prevocational training component.

IV. Need for Improvements in the Vocational Training Components

GAO draft report, pages 66 and 67: "We recommend that the three Federal agencies require and assist the OICs to

--establish standards for measuring enrollees' progress in and possibly on a programwide basis, and periodically evaluate such standards;

OEO Comment: OEO monitoring of OICs indicates that some standards for measuring vocational training progress already exist. However, we agree that a more systematic approach to evaluating enrollee progress will be beneficial. Standards should, of course, have flexibility so that the program emphasis will continue to be on the program enrollees.

--periodically evaluate on the basis of enrollee interest, job opportunities, and the most effective and efficient use of available skill training resources the appropriateness of continuing to offer training in each skill area. "

OEO Comment: OEO agrees that periodic evaluation of the need for the types of skilled training offered by the OICs in a particular area is necessary to assure that the labor market can respond to the trained individuals.

V. Improvements Needed in Job Placement Records and Reports

GAO draft report, page 72: "We recommend that the three Federal agencies require and assist the OICs to maintain adequate records of enrollee termination information and to develop a reporting system which will provide OICs with appropriate information on job placements.:

OEO Comment: OEO agrees with this recommendation.

VI. Need for Improved Follow-Up on Enrollees Placed in Jobs

GAO draft report, page 79: "We recommend that the three Federal agencies require the OICs to make regular follow-up contacts with former enrollees who have been referred to jobs or have been placed in jobs and with their employers and to maintain adequate documentation of such contacts."

OEO Comment: In a recent evaluation report of OICs (dated November 13, 1970), OEO recommended that the OIC develop a longer period of follow-up with former enrollees. OIC already recognizes this recommendation as legitimate and has informed OEO that the recommendation has been implemented. The follow-up period is now extended to one year after referral or placement.

VII. Improvements Needed in Monitoring and Evaluation Efforts and Program Data

GAO draft report, page 85: "We recommend that the three Federal agencies develop a monitoring and evaluation plan which will:

--define the responsibility for and the timing and degree of monitoring and evaluation efforts;

--establish standards against which program progress can be measured; and

--fix responsibility for assuring that prompt and appropriate action is taken on recommendations for improvements.

Further, we recommend that the Federal funding agencies review the design of the OIC management information system and the OIC's record-keeping procedures and practices with a view toward improving the reliability and usefulness of operational data needed for monitoring and evaluating purposes and for effective program management.

OEO Comment: In light of the OEO transfer of its OIC responsibilities to DOL effective July 1, 1971, we will regard DOL as a lead agency in regard to a definie monitoring and evaluation plan designed to comply with the recommendation. OEO will, of course, assist DOL where appropriate in this regard.

OEO's comments are made with the understanding that OIC has begun to place more emphasis on program management and is aware that program and management improvements are always needed. However, our recent evaluation of the technical assistance delivery quality of the OIC National Institute, where we visited eight OIC projects, indicates that the OICs are overall a quality manpower training program. OEO foresees the single agency funding arrangement will eliminate many of the present problems and create the avenue toward implementation of the recommendations in your draft report.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

OFFICE OF THE SECRETARY

SEP 8 1971

Mr. Henry Eschwege
Associate Director, Civil Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

The Secretary has asked that I reply to your letter dated June 18, with which you forwarded the draft report of the General Accounting Office entitled, "Assessment of Operations and Management of Opportunities Industrialization Centers." The Centers are funded and administered by the Office of Economic Opportunity and the Departments of Labor and Health, Education, and Welfare.

Detailed comments on the recommendations, together with the statements of actions to be taken to implement them, are set forth in the enclosure. They are the product of a review of the report by cognizant Departmental and Office of Education staff.

In addition to our comments on these recommendations, we concur fully in the conclusion reached by GAO that changes are needed in the manner that OIC's are funded. In our judgement, the Administration's pending Manpower Revenue Sharing legislation, if enacted, would serve to overcome most, if not all, of the problems cited in the GAO audit. One of the main themes of this legislation is to "unify into one the many programs under which Federal manpower money is now channeled to State and local governments.

We appreciate the opportunity to review and comment on the report.

Sincerely yours,

James B. Cardwell
Assistant Secretary, Comptroller

Enclosure

Department Comment

We concur in the recommendation.

Through the vehicle of the single contract concept, it is expected that more uniform and clearly defined standards will be developed. As previously stated, the AMIDS Centers are presently working with the Institute in this area.

The GAO recommended that the three Federal agencies require and assist the OIC's to establish standards for measuring enrollee's progress in and completion of vocational training courses, periodically evaluate such standards, and periodically evaluate on the basis of enrollee interest, job opportunities, and the most effective and efficient use of available skill training resources the appropriateness of continuing to offer training in each skill area.

Department Comment

We concur in the recommendation.

This Department is currently making plans to experiment with the Institute in the area of performance testing as opposed to regular achievement testing. In addition, as previously stated, we are expecting the single contract concept to provide standards and uniformity.

The GAO recommended that the three Federal agencies require and assist the OIC's to maintain adequate records of enrollee's termination information and to develop a reporting system which will provide OIC's with appropriate information on job placements.

Department Comment

We concur in the recommendation.

Although job placement is a specific responsibility of the U.S. Employment Service component of the OIC contract, the AMIDS Centers are assisting them in this effort; and this Department is sharing with them the pertinent experience gained in administering the Manpower Skill Centers.

Department of Health, Education, and Welfare Comments Pertinent to the Draft of Report to the Congress of the United States by the United States General Accounting Office on Assessment of Operations and Management of Opportunities Industrialization Centers

The GAO recommended that the three Federal agencies develop specific uniform eligibility requirements directed toward recruiting low-income persons who are unemployed or underemployed, and that funding agencies should provide the necessary guidelines and technical assistance to direct the recruiting activities toward the defined target population.

Department Comment

We concur in the recommendation.

Currently, all individual OIC's will be funded through a single direct contract with the OIC Institute in Philadelphia, Pennsylvania. This approach should inherently encourage the development of more uniform requirements in all areas. Although recruitment is a function of the U.S. Employment Service, this Department is cooperating with the Department of Labor in an attempt to improve the procedures.

The GAO recommended that the three Federal agencies, together with the OIC Institute, encourage the OIC's to develop an improved counseling program.

Department Comment

We concur in the recommendation.

This Department has made provisions for the OIC Institute to receive assistance from the AMIDS (Area Manpower Institutes for the Development of Staff) Centers funded under the Manpower Development and Training Act and located in seven strategic areas throughout the country. We believe these Centers will provide the necessary guidance to improve counseling service.

The GAO recommended that the three Federal agencies assist the OIC's to establish uniform, clearly defined, and realistic standards to be used both for assessing enrollee needs, progress, and readiness for advancement, and for evaluating the effectiveness of the prevocational training component.

The GAO recommended that the three Federal agencies require the OIC's to make regular follow-up contacts with former enrollees who have been referred to jobs or have been placed in jobs and to maintain adequate documentation of such contacts.

Department Comment

We concur in the recommendation.

Our response to job placement records and reports should be considered our response to job development as well.

The GAO recommended that the three Federal agencies develop a monitoring and evaluation plan and review the design of the OIC management information system and recordkeeping procedures.

Department Comment

We concur in the recommendation.

This Department, through the AMIDS Centers, is providing technical assistance to the OIC's to improve the management information system and recordkeeping procedures. However, this Department would be pleased to join with the Department of Labor and the Office of Economic Opportunity to develop a monitoring and evaluation plan as recommended.

U.S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION
WASHINGTON, D.C. 20210

DEC 30 1971

Mr. Henry Eschwege
Associate Director
Civil Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Eschwege:

This is in response to your request for comments on the draft report entitled "Assessment of Operations and Management of Opportunities Industrialization Centers."

Most of the recommendations had validity for the period ending February 1971, which was the conclusion of the 12-month survey made by the GAO evaluators. However, there have been significant modifications in this program as it now functions, as compared with its operation as an Experimental and Demonstration program.

During the GAO survey period, the OIC was funded through individual contracts by three (3) Federal agencies with three (3) separate contracts for each local OIC. The programs were operated as delegate agencies under the local community action agencies and funded under a cumbersome tri-agency arrangement involving the Department of Labor, Health, Education and Welfare, and the Office of Economic Opportunity. The OIC program was not in the position as it is today, which is that of a prime contractor under a "bulk funding," single agency agreement between the U. S. Department of Labor and the OIC National Institute. The OEO and U. S. Department of Health, Education and Welfare have transferred funds to this Department for purposes of this contract.

The OIC Institute now constitutes a point of accountability for local performance, whereas under the Experimental and Demonstration (E&D) concept, the Institute acted in an advisory capacity without authority to take corrective action. Under the current contractual arrangement, the OIC Institute is responsible for management and performance of the individual OICs. This has resulted in the establishment of performance standards, record-keeping, and program operations and management.

I have enclosed for your information the "Fiscal Manual" prepared by OIC and issued on August 15, 1971. Also enclosed is the proposed "OIC National Institute Program Performance Standards" covering intake, counseling, staff functions, trainee placements, and follow-up procedures. These manuals, covering the program and fiscal areas, answer all of the problems cited in your report and should therefore be part of the record.

The single agency prime contract, negotiated and finalized in March 1971, under which the local OIC programs are now funded, is in accord with the recommendations made in the proposed GAO report to Congress. It is stated specifically that "the funding arrangements of OICs need to be changed to reduce the administrative work load of both the OICs and the federal agencies."

I am confident that you appreciate the evolvement of OICs from the status of experimental and demonstration, under which a more liberal set of standards and policies were permitted, to a regularly funded manpower program. The program was originated on the basis of open enrollments. All who came to OIC for assistance were encouraged to take advantage of the services available, which was not the case with most of the major manpower programs funded by the various Federal agencies. OIC continues to have an interest in the "marginally" poor, i.e., those who need assistance but are slightly above the poverty level of income. It is significant to understand that this all-inclusive concept could only be achieved if training allowances were not paid to the enrollees, as is the case with the OIC program.

I, of course, agree that strict application of the poverty criteria should be applied when the payment of allowances is required. Of the five centers surveyed, the Seattle center was an exceptional case in that allowances were paid under a Concentrated Employment Program contract, but this was not applicable to the other four nor is it applicable to OIC in general. As an experimental program OIC was not required to adhere to the operational definition of the "disadvantaged," in fact, the "poor" criteria were defined and issued at a later date by the Office of Economic Opportunity. Unless OICs are analyzed and placed in chronological perspective, basic differences in time and program objectives existing at the particular time understandably create considerable difficulty when interpreting and analyzing the program results, as indicated in your report.

As OIC evolved from an experimental to a regular manpower program in 1970, it did give more attention to the important function of program records, financial reports, and related cost benefit analyses. Further emphasis has been placed upon developing effective administrative and operational techniques which will enable the OICs to better serve their intended beneficiaries while providing reliable measures of data and program accomplishments.

The following is in response to the specific recommendations made in the report.

1. GAO Recommendations on Recruiting and Counseling

The GAO recommends that the Federal agency develop for inclusion in future funding agreements with the OIC specific uniform eligibility requirements directed toward recruiting low-income persons who are unemployed or underemployed, and further provide the OICs with the necessary guidelines and statistics to do so.

While the OIC does not strictly observe the poverty level criteria, it does observe the criteria as set forth under the Economic Opportunity Act and the Manpower Development and Training Act and directs its outreach efforts to servicing a disadvantaged unemployed and underemployed population. This Department believes that OIC should continue to maintain an "open door" policy and not attempt to screen out applicants. The "open door" policy is important to fostering motivation among the marginally disadvantaged, because it eliminates a psychological barrier which tends to make the individual believe that the system is not designed to assist him, which has all too often been an accurate assessment.

OIC has provided workshops and training sessions for recruitment staff in order that they be made fully aware of the various federal requirements for participation in training programs. The OIC concept does not include the provision of training allowances and this program, therefore, is in a position to serve a more diverse community population. In summary, we have moved effectively to establish clearly defined and realistic criteria for enrollment of the unemployed and underemployed as indicated in the enclosed proposed "Performance Standards".

2. Recommendations on Vocational Interest, Aptitudes and Counseling

GAO suggested the development and use of appropriate uniform measurement devices for determining enrollees' vocational interests and aptitudes.

The OIC programs are currently using various programmatic measurement devices appropriate to the local OIC operation for these specific areas. I again refer you to the enclosed "Program Performance Standards."

GAO recommends that OIC be encouraged to provide individual and group counseling sessions on a regularly scheduled basis to all enrollees and maintain appropriate records. Very definite performance standards providing quantitative and qualitative analyses of counseling sessions are now included in the OIC "Performance Standards" and are placed in the enrollees' permanent records. The local OIC program will be monitored and measured for effectiveness by the OIC Institute.

In summary, the Department agrees with your recommendation, and effective action has been implemented to assure adequate individual and group counseling. However, there are no objective testing measures which have been developed using this population as a nominative group and, as a result, OIC relies upon a variety of inputs from all parties concerned directly with the client. In the program period covered by the GAO survey, various methods of testing were used. For example, in the specific case of the Dallas OIC, aptitude testing was utilized if the applicant requested it, or if the individual demonstrated little interest in any vocational training. Manual dexterity training is often used in the OIC programs when this type of testing is applicable for the particular training to be offered, i.e., keypunch training, clerical skills and other areas where this is an important requirement for success on the job. The OIC National Institute is working with local OICs to more accurately assess the trainees potential, but this cannot be assured with any degree of certainty.

3. GAO Recommends Strengthening Procedures for Follow-up.

The GAO report suggests strengthening procedures for follow-up and an adequate record system on employee placement. The OIC program, since the GAO survey, has implemented a central records unit system in all of the local OIC programs. Part and parcel of the CRU system is a definite standard trainee follow-up procedure, including permanent records of the trainee and contacts which are made with the trainee and the employer.

The Department of Labor is requiring, and through the OIC National Institute is assisting, the local OICs to maintain adequate records covering all aspects of enrollee activities, from the initial recruitment through post-placement follow-up. Further, GAO recommends that follow-up contact with former enrollees who have been referred to jobs be made.

The OIC National Institute is now requiring that all of its subcontractors have an established follow-up capability. Records which are now being maintained include not only the numbers placed but also back-up information, names, placements, dates, skill areas completed, and follow-up after placement for one year.

4. GAO Recommends that OIC Identify the Factors that Cause Enrollees to Become Inactive or to Drop Out.

The need to know the reasons for a high dropout rate, of course, is an important function of effectively administering a manpower program. Termination interviews with enrollees are now being considered as a method for determining the reasons for drop-outs. However, the factors involved in determining causes of drop-outs have roots in a myriad of social and economic conditions ranging from the early and immediate family relationships to current income and family circumstances. To the degree that more effective counseling can reduce employee discontinuance, OIC is employing this technique.

Examples of the actions taken are the Oklahoma City and Dallas OIC programs where studies are being conducted to determine exactly why drop-outs have occurred. In the case of Dallas, the rate of early termination has decreased from sixty (60) percent in 1970 to forty (40) percent in 1971. A major factor in enrollee discontinuance is that many adult enrollees simply cannot afford to continue in training without some financial assistance.

To alleviate this problem, many OIC locals have initiated a Brotherhood Fund which provides carfare and lunch money in an attempt to relieve these adverse economic conditions. Philadelphia, Oklahoma City, Dallas, and Milwaukee have instituted Brotherhood Funds from private sources. One of the reasons the records of attendance were better in the Seattle project is that there was more substantial financial assistance available to the trainee. Since the GAO evaluation was undertaken, there have been several changes in the courses offered by the local OICs. To the extent that the courses are more relevant to the trainee's interest and more directly related to jobs currently available in the employment market, there will be a higher rate of retention and consequently fewer dropouts. For example, the Philadelphia operation has terminated several occupational training areas and added others, e.g., proof machine operators and office practices courses have been added because employment opportunities for these occupations are favorable.

APPENDIX V

The OIC program has achieved success in receiving certification from the Veterans Administration, whereby veterans receive full G.I. Bill allowances while undergoing training at the centers. These allowances provide financial assistance to the trainee and thereby reduce the economic handicap which reduces the dropout rate insofar as the reasons are economically related.

The OIC and this Department are securing relationships with other manpower programs in which allowances are paid which will allow participation in OIC training programs with incentive payments. This form of financial assistance will be helpful in resolving some of the problems attributed to economic hardship.

The OIC Institute has issued standards and is assisting local OICs in the adoption of uniform termination policies designed to insure that training slots are not filled by individuals who are not interested in the program.

At the time of the GAO survey, the OIC program was not operating under the current Central Records Unit (CRU) system. Terminations were basically considered dropouts prior to the implementation of this system which now includes provision for the reporting of four following major termination areas:

1) Referral to other programs
2) Employability plan completed (job placement)
3) Dropouts
4) Other output; this latter category provides for such "positive discontinuances" as pregnancy, Armed Services induction, moving out of the area, etc.

It is important to note that OIC programs surveyed by GAO showed 4,650 "terminations." Of this total, according to the GAO report, 2,850 "dropped out" and 1,800 were either placed in jobs, in the process of being placed in jobs, or referred to other training programs. The total cost of these five training programs during the survey was approximately $4,364,000. Based on this cost, the 1,800 individuals reported were provided placement services at a cost of $2,400 each.

The important aspect not reported by GAO is that OIC, while maintaining an "open door" policy, served more than 4,600 individuals and placed 1,800. A variety of manpower services were provided to the 2,850 trainees who did not remain in the program through placement. Such services undoubtedly were of assistance to these individuals when they sought employment on their own initiative. Regardless of this, the end result of any manpower program is jobs, and the cost of approximately $2,400 for 1,800 placements is reasonable.

5. GAO Recommends Clearly Defined and Realistic Standards for Prevocational and Vocational Training.

GAO states there is a need to establish uniform, clearly defined and realistic standards to be used during the prevocational training component for assessing enrollee needs and readiness for vocational training.

Individual OICs, the OIC National Institute, and the Department of Labor are working together to finalize these standards. This includes standards for measuring and evaluating enrollee progress toward completion of training, and progress forms are presently being maintained for the trainees to assist in their evaluation. These standards will guarantee the effectiveness of the prevocational and vocational training aspects of the program.

The appropriateness of continuing to offer certain vocational training courses is also being evaluated. Changes in local employment conditions, varying enrollee interests and the economy in general, affect this aspect of the program. The OIC National Institute as the prime contractor requires that each of its subcontractors have active and viable Industrial Technical Advisory Councils. These Councils are especially effective in determining the appropriateness of vocational training courses relative to the job market.

6. GAO Recommends that a Monitoring and Evaluation Plan be Developed.

The OIC local centers are being regularly monitored and evaluated through a plan which has been developed by the OIC National Institute in conjunction with the Department of Labor. This plan defines the responsibility for the timing and degree of monitoring and evaluation, establishing standards against which program progress can be measured, and it fixes responsibility.

During calendar year 1971, an overall national evaluation of OIC will be conducted. This evaluation will be initiated by the Department of Labor in order to assess the degree to which the OIC program nationally is functioning effectively and consistently toward achieving the objectives contained in the national contract. The evaluation will include a review of the adequacy of the OIC management information system, record-keeping procedures, and data-gathering practices. The

OIC programs heretofore, and in particular during the period of the GAO survey, received limited monitoring and evaluation from the three Federal agencies. This was a primary reason why a single agency contract with the Institute was deemed economically and administratively essential. Monitoring and evaluation were not well planned and programmed because of conflicting legislative and Federal agency responsibilities. The OIC National Institute was provided a "technical assistance" grant and requested to advise and monitor local programs that retained responsibility and authority for their own activities.

This has since been corrected under the "bulk funding" contract with the OIC National Institute as the prime contractor with this Department acting as the lead Federal agency. Thus, monitoring and overall management in accord with the national contract is now the responsibility of the OIC Institute. However, the Department of Labor will review and evaluate the Institute.

I appreciate the opportunity to comment on the draft of the GAO report and hope our comments will be of use in making a correct and adequate assessment of the OIC program.

Sincerely,

FRANK G. ZARB
Assistant Secretary
for Administration and Management

Enclosures

PRINCIPAL OFFICIALS OF THE DEPARTMENT OF LABOR, THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, AND THE OFFICE OF ECONOMIC OPPORTUNITY RESPONSIBLE FOR ADMINISTRATION OF ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
DEPARTMENT OF LABOR		
SECRETARY OF LABOR:		
James D. Hodgson	July 1970	Present
George P. Shultz	Jan. 1969	June 1970
W. Willard Wirtz	Sept. 1962	Jan. 1969
ASSISTANT SECRETARY FOR MANPOWER:		
Malcolm R. Lovell	July 1970	Present
Arnold R. Weber	Feb. 1969	June 1970
Stanley H. Ruttenberg	June 1966	Jan. 1969
MANPOWER ADMINISTRATOR:		
Paul J. Fasser, Jr.	Oct. 1970	Present
Malcolm R. Lovell	June 1969	Oct. 1970
J. Nicholas Peet	Feb. 1969	June 1969
William Kolberg (acting)	Jan. 1969	Feb. 1969
Stanley H. Ruttenberg	Jan. 1965	Jan. 1969
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE		
SECRETARY OF HEALTH, EDUCATION, AND WELFARE:		
Elliot L. Richardson	June 1970	Present
Robert H. Finch	Jan. 1969	June 1970

	Tenure of office	
	From	To
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE (continued)		
SECRETARY OF HEALTH, EDUCATION AND WELFARE: (continued)		
Wilbur J. Cohen	Mar. 1968	Jan. 1969
John W. Gardner	Aug. 1965	Mar. 1968
ASSISTANT SECRETARY (EDUCATION) (note a):		
James E. Allen, Jr.	May 1969	June 1970
Peter P. Muirhead (acting)	Jan. 1969	May 1969
Lynn M. Bartlett	July 1968	Jan. 1969
Paul A. Miller	July 1966	July 1968
Francis Keppel	Oct. 1965	May 1966
COMMISSIONER OF EDUCATION:		
Sidney P. Marland, Jr.	Dec. 1970	Present
Terrel H. Bell (acting)	June 1970	Dec. 1970
James E. Allen, Jr.	May 1969	June 1970
Peter P. Muirhead (acting)	Jan. 1969	May 1969
Harold Howe, II	Jan. 1966	Dec. 1968
ASSOCIATE COMMISSIONER, BUREAU OF ADULT, VOCATIONAL, AND TECHNICAL EDUCATION, OFFICE OF EDUCATION:		
Robert M. Worthington	Aug. 1971	Present
Frank B. McGettrick (acting)	June 1971	July 1971
Arthur L. Hardwick	July 1970	May 1971
Grant Venn	May 1966	June 1970
John R. Ludington (acting)	July 1965	May 1966
OFFICE OF ECONOMIC OPPORTUNITY		
DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY:		
Phillip V. Sanchez	Sept. 1971	Present
Frank C. Carlucci	Dec. 1970	Sept. 1971

[a] This position was abolished in June 1970.

	Tenure of office	
	From	To
OFFICE OF ECONOMIC OPPORTUNITY (continued)		
DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY: (continued)		
Donald Rumsfeld	May 1969	Dec. 1970
Bertrand M. Harding (acting)	Mar. 1968	May 1969
R. Sargent Shriver	Oct. 1964	Mar. 1968
ASSISTANT DIRECTOR FOR COMMUNITY ACTION PROGRAMS (note a):		
Theodore M. Berry	Apr. 1965	Sept. 1969
ASSISTANT DIRECTOR FOR OPERATIONS:		
Roy E. Batchelor	Nov. 1971	Present
H. Rodger Betts (acting)	Sept. 1971	Nov. 1971
Phillip V. Sanchez	Feb. 1971	Sept. 1971
Donald I. Wortman (acting)	Dec. 1970	Feb. 1971
Frank C. Carlucci	Dec. 1969	Dec. 1970
William Bozman (acting)	Oct. 1969	Dec. 1969

[a] In September 1969, this position was terminated as an organizational entity and responsibility for administering the program was shifted to the newly created Office of Operations.

U.S. GAO, Wash., D.C.

Copies of this report are available from the U. S. General Accounting Office, Room 6417, 441 G Street, N W., Washington, D.C., 20548.

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